2025 HOUSE FINANCE AND TAXATION

HB 1176

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
1/14/2025

Relating to legacy fund definitions, the legacy earnings fund, and estimated property tax and budget hearing notices; to provide an appropriation; to provide a transfer; to provide an effective date; to provide an expiration date; and to declare an emergency.

9:02 a.m. Chairman Headland opened the hearing.

Members Present: Chairman Headland, Vice Chair Hagert, Representatives Anderson, Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman

Discussion Topics:

- Legacy fund
- Homestead tax credit
- ND economic growth
- Inflationary index
- Renter relief program
- Political subdivisions

9:02 a.m. Representative Mike Nathe, ND Legislative Assemble, Introduced HB 1176, testified in favor and submitted testimony #28954.

9:13 a.m. Senator Rummel, ND Legislative Assemble, testified in favor.

9:16 a.m. Representative Nathe, District 30, provided additional testimony.

9:18 a.m. Representative Mike Lefor, testified in favor and submitted testimony #28956.

9:26 a.m. Governor Kelly Armstrong testified in favor of HB 1176.

9:34 a.m. Joe Morrisette, Director of Office of Management and Budget, testified in favor and submitted testimony #28655.

9:42 a.m. Brian Kroshus, Tax Commissioner, testified in favor and submitted testimony #28961.

10:17 a.m. Josh Askvig, AARP North Dakota, testified in favor and submitted testimony #28823 and #28824.

10:26 a.m. Matt Gardner, Executive Director, ND League of Cities, testified in favor.

10:45 a.m. Aaron Birst, Executive Director, ND Association of Counties, testified in favor and submitted testimony #28983.

10:49 a.m. Matt Purdue, ND Farmers Union, testified in favor and submitted testimony #28914.

10:52 a.m. Pete Hanebutt, Director of Public Policy, ND Farm Bureau, testified in favor.

10:55 a.m. Mike Blessum, testified in opposition and submitted testimony #28666.

11:06 a.m. Dr. Aimee Copas, Executive Director, ND Council of Educational Leadership, testified neutral.

11:11 a.m. Brandt Dick, Board President of ND Small Organized Schools, testified neutral.

11:17 a.m. Amy De Kok, Executive Director, ND School Boards Association, testified neutral and submitted testimony #28991.

11:22 a.m. Dr. Paul Stremick, Superintendent, testified neutral.

Additional written testimony:

Larry Syverson, Executive Director, ND Township Officers Association, in opposition #28909.

Gordon Greenstein, US Navy Veteran, submitted testimony in opposition #28815.

Tony Grindberg, Cass County Commission, submitted testimony in opposition #28904.

Connie Samuelson, Minot resident, submitted testimony in opposition #28862.

Robin Nelson, Fargo School Board, submitted neutral testimony #28536.

Don Larson, State Director, NFIB, submitted testimony in favor #28918.

Jim Newbauer, City Administrator, Mandan, submitted neutral testimony #28921.

11:25 a.m. Chairman Headland closed hearing.

Janae Pinks, Committee Clerk

Honorable Chair Headland and Members of the Finance & Taxation Committee,

I reside in District 41 and serve as the board-appointed Legislative Spokesperson for the Fargo Public School Board (FPSB).

As we anticipate further legislative discussions on property tax, we would like to offer categorical considerations early in the process. Today, I address two bills that will be heard in your committee this week, House Bills 1176 and 1168, which pertain to property tax. FPSB appreciates the thoughtful examination of North Dakota's property tax system and recognizes the intent behind introducing caps for local taxing jurisdictions.

However, we respectfully request further analysis of **Section 18 of HB1176** and **Section 7 of HB1168**, particularly as they pertain to local voter-approved excess mill levies. Currently, school districts can levy additional mills with **50% + 1 voter approval**, valid for up to **10 years**.

In March 2017, the majority of voters in the Fargo School District approved an excess mill levy to fund locally prioritized programs and services beyond what is possible within the existing legislative cap of 60 mills for school districts. The provisions in the following sections would eliminate this capacity:

- **HB1176, Section 18.3** introduces a simple majority voter-approved excess that requires annual approval.
- **HB1168, Section 7.3** introduces a 60% majority voter-approved excess, valid for up to five years.

While FPSB respects the intent behind these bills, we advocate for a more balanced approach that preserves **local control** and ensures practical application. Community needs and voter preferences vary widely across North Dakota, and **maintaining a simple majority voter-approved excess valid for up to 10 years** provides this balance.

Thank you for your thoughtful consideration and for your service to the citizens of North Dakota.

Respectfully,
Robin Nelson
Fargo Board of Education

NORTH Dakota Be Legendary. | Management and Budget

Testimony in Support of
House Bill No. 1176
House Finance and Taxation Committee
January 14, 2025

TESTIMONY OF
Joe Morrissette, Director, Office of Management and Budget

Good morning, Chairman Headland and members of the House Finance and Taxation Committee. I am Joe Morrissette, Director of the Office of Management and Budget, and I am here to testify in support of House Bill 1176 and explain the calculations behind the credit amount provided in this bill.

House Bill 1176 provides a sustainable plan to provide real property tax relief and reform. This is a plan we can afford now, that will grow to provide more relief over time, and will reduce general fund ongoing expenditures as distributions from the Legacy Fund increase.

Property Tax Relief – Primary Residence Credit

This bill provides the framework for a $483.4 million property tax credit plan, funded from both the General Fund and the Legacy Earnings Fund to provide a total primary residence credit of $1,550 per qualifying residence per year for the 2025-27 biennium.

Section 2 of the bill creates a Legacy Property Tax Relief Fund, and a new plan for allocation of dollars in the Legacy Earnings Fund. Current law provides for amounts in the Legacy Earnings Fund to be allocated as follows:

- First $102.6 million for debt service payments on outstanding legacy bonds.
- Next $225 million to the general fund to offset the cost of previous tax relief.
- Next $100 million to the Legacy Earnings Highway Distribution Fund.
- *Remaining amounts split evenly between the general fund and the Strategic Investment and Improvements Fund (SIIF).*

The proposed Legacy Property Tax Relief Fund replaces the bottom stream that is now split between the general fund and SIIF. As the Legacy Earnings Fund allocations grow over time, the amount available in the Legacy Property Tax Relief Fund will grow each biennium. The amount in this fund to be used to provide property tax relief for the 2025-27 biennium is $173.4 million. Based on 155,000 qualifying primary residences, this will provide for a primary residence credit of $550 per year.

The remaining $1,000 credit is funded from the General Fund and covered through a $310 million transfer from the General Fund to the Legacy Property Tax Relief Fund authorized in Section 21 of the bill. Compared to the current 2023-25 biennium, this a general fund increase

of $206.8 million to increase the general fund component from $500 to $1,000 per primary residence. This significant investment is affordable as we prioritize available resources within our state General Fund budget.

The proposed language in Section 3 of the bill, on page 3 lines 15-20, provides legislative intent that once the legacy property tax credit reaches $2,000, estimated to occur during the 2027-29 biennium, additional dollars in the Legacy Property Tax Relief Fund are used to "replace a portion or all" of the General Fund cost of the primary residence credit. The bill does not specify how this reduction would take place or if the primary residence credit would increase at the same time the General Fund cost is being reduced.

The table below assumes once the total property tax credit grows above $2,000, additional funding is split evenly between reducing the general fund cost and increasing the total credit. Based on future oil tax allocations to the Legacy Fund of between $1.3 and $1.5 billion per biennium and an assumed rate of return of 6.5% per year, the Legacy Property Tax Relief Fund credits could grow as shown below. Actual increases will depend upon actual oil tax allocations, actual Legacy Fund earnings and future policy decisions of the Legislative Assembly.

Biennium	Credit from General Fund	Credit from Legacy Earnings	Total Credit
2025-27	$1,000	$550	$1,550
2027-29	$983	$1,051	$2,034
2029-31	$676	$2,295	$2,971
2031-33	$390	$3,220	$3,610
2033-35	$79	$3,841	$3,921
2035-37	$0	$4,257	$4,257
2037-39	$0	$5,241	$5,241

This may be the only proposal you consider this session that provides for a diminishing General Fund cost over time. This is an important component to ensure sustainability and reduce our long-term General Fund ongoing expenditures. For the 2025-27 biennium, the full $483.4 million cost of this program is included in Gov. Kelly Armstrong's executive budget recommendation, the details of which will be released tomorrow.

Property Tax Relief – Homestead Tax Credit Program

Section 5, on page 7, of the bill expands the existing homestead tax credit program to increase the income limit for the maximum credit from $40,000 to $50,000 and increases the overall income limit from $70,000 to $80,000. At an income level below $50,000, the credit provides an exemption for the first $250,000 of true and full value. This exemption amount is increased

from $200,000 under current law. At income levels between $50,000 and $80,000, the credit provides an exemption for the first $125,000 of true and full value. This exemption amount is increased from $100,000 under current law.

Section 6, on page 7, of the bill increases the renter refund component of the Homestead Tax Credit Program from $400 to $600 per qualifying applicant.

My understanding is the cost of these changes is expected to result in the expenditure of the full amount appropriated for the Homestead Tax Credit Program for the 2023-25 biennium of $72.4 million. This amount is also included in the Gov. Armstrong executive budget recommendation for the 2025-27 biennium.

Mr. Chairman and committee members, I ask for your support for HB 1176 and would be happy to answer any questions.

Chairman Headland and members of the House Finance & Taxation committee. My name is Mike Blessum. I am a Minot resident and sitting alderman on the Minot City Council. I'd like to give you my perspectives on the property tax issues you will be facing this session. These thoughts are mine and are not the official positions of the City of Minot or other council members.

First, I'd like to discuss what does not work. Increasing property tax buydowns through the Primary Residence and Homestead Property Tax Credits will give many local subdivisions the cover they want to increase spending and levies. Placing caps on local spending may seem like the answer to offset that issue, but I believe it will just lead to ever increasing burdens on our residents as subdivisions max out their levies to protect against future needs. Allowing us to bank savings is a better version of the caps, but I still believe it is the heavy hand of the state manipulating local decision making. For those that opposed Measure 4 on the grounds of local control, I can't see how this is a better method.

So, what approaches could make a difference? I have a set of structural ideas that I believe would level the playing field and make a real difference for the local subdivisions.

1. Eliminate as many of the local carve outs as possible from century code. While it is true that we could remove programs like the Renaissance Zones and Tax Increment Financing at the local level, there are those that believe we would put our city at a disadvantage if we didn't offer the same programs as the other cities in the state. Remove the incentives to make sure everyone is paying their own (lower) share.
2. Move away from the valuation based system of portioning the levy. Instead, move to something tangible like land and building square footage or some other fixed quality of the property. This will remove the opaque nature of the assessment and improve transparency for property owners. If it is done correctly and other assessment requirements are removed it can also have a direct financial impact on local budgets by

allowing us to close our assessor offices. This alone would save about $1 million per year in the Minot budget!

3. Roll back the current property tax buydowns in combination with reducing the state share of sales tax. The state has plenty of revenue to reduce the sales tax burden and leave more money in our local communities. This reduction could then be used in local subdivisions to (hopefully) leave more money with residents or introduce new sales tax pennies to provide property tax relief. We do not need a revolving door of cash paid to the state to later be doled back out to the residents through their local subdivisions. Leave the money here in the first place.

As elected officials we all know that the best route to better public policy is electing the right people. Lowering property tax depends on local elected officials making a concerted effort to lower the cost of government and pass those savings along to the taxpayer. With that in mind, you have the opportunity to make a difference for the people of North Dakota through the law. I hope you will consider these ideas as I believe they represent the best set of adjustments that could make real differences at the local level while reducing the burden on the state.

Thank you for your consideration. I would stand for any questions.

Alderman Mike Blessum – Minot City Council

mblessum@min.midco.net

701-818-2000

HB 1176

House Finance and Taxation

I strongly urge a Do Not Pass on HB 1176

Chairman Headland and Committee Members, I urge a Do Not Pass on HB 1176. I oppose this bill because it is immoral and unconstitutional to tax private property. Property taxes are a burden to many property owners in Norh Dakota. The first thing that the Legislature should do is FULLY FUND all public schools according to the North Dakota Constitution. Then the Legislature should abolish all property taxes, as a state we are in a unique position to abolish all property taxes, North Dakota has the money to do this. This is also a violation of Article X, Section 2 of the North Dakota Constitution. The legislative assembly shall be prohibited from raising revenue to defray the expenses of the state through the levying of a tax on the assessed value of real or personal property. There are also other Constitutional arguments against the bill, Separation of Powers concerns, Limitation of Local Control over Property taxation and other concerns. I STRONGLY urge a Do Not Pass on HB 1176. PS, Remember the Stamp Act of 1765 and the Boston Tea Party of 1773.

Thank You, Gordon Greenstein

US Navy (Veteran)

US Army NDNG (Retired)

House Bill 1176 – Support Primary Residence Credit and Homestead Property Tax Credit
January 14, 2025
House Finance and Tax Committee
Josh Askvig, AARP ND- jaskvig@aarp.org

Chairman Headland and members of the House Finance and Tax Committee, my name is Josh Askvig, State Director of AARP North Dakota. We are here to provide support for the Homestead Property Tax Credit and Primary Residence Credit portions of House Bill (HB) 1176. Creating livable communities where residents of all ages can live, work, raise their families, and retire is a priority for AARP North Dakota. Essential to this vision is affordable housing.

Attached to my testimony are a couple of charts from AARP's 2023 North Dakota Vital Voices Survey, a state-specific survey of issues that impact North Dakotan's 45+ conducted every three years. In our survey last year, 78% indicated that staying in their homes as they age was important. Getting to the places they need to go independently and access to quality long-term care and home care in their community was extremely or very important. Also, 68% said staying in their community as they aged was extremely or very important.

When survey respondents were asked what factors would impact their ability to remain in their homes as they age, they listed property tax, the cost of heating and cooling, and increasing maintenance costs. Also, 28% identified increasing rent as an issue. Clearly, being able to age at home is a priority in North Dakota, and property tax is a concern.

Property taxes are burdensome for many low-income and older homeowners. Many of our older citizens have lived in their homes for a long time, and as their property values have increased, so have their property taxes. But, older residents are often on fixed incomes and can't afford yearly property tax increases and also meet their basic needs for food, medicine and utilities.

AARP supports property tax relief provided in an equitable manner to low- and moderate-income homeowners and renters. Circuit breaker programs offer property tax credits or homestead exemptions that decrease as income increases, resulting in a more progressive tax system. Therefore, lower-income households receive greater tax relief than higher-income households.

We want to thank you and previous legislatures for the continued support of the Homestead Property Tax Credit and the expansions approved in previous sessions. Section 5 of HB 1176 expands income thresholds up to $50,000 for a 100% reduction (up to $11,250 dollars of taxable valuation) and up to $80,000 of income for a 50% reduction. Section 6 recognizes the importance of relief for older renters by expanding the renters refund from $400 to $600/year. These important programs provide relief to financially vulnerable older North Dakotans. We support the

changes to the Homestead program outlined in HB 1176. **Our only recommendation is to index the adjustments to inflation, so the legislature doesn't have to re-visit this issue every two years.**

HB 1176 also expands on the existing Primary Residence Credit passed last session. Our understanding is that the bill would expand the existing credit of $500 up to $1550. We support this expansion as it provides relief for primary residences, the main complaint we heard in 2024.

By combining the Primary Residence Credit with targeted relief programs, like the Homestead Property Tax Credit, many older adults, especially those age 65+, will see significant or even full relief from the concern noted in our 2023 survey, property taxes. AARP North Dakota supports the Primary Residence Credit and Homestead Property Tax Exemption sections in HB 1176.

Thank you.

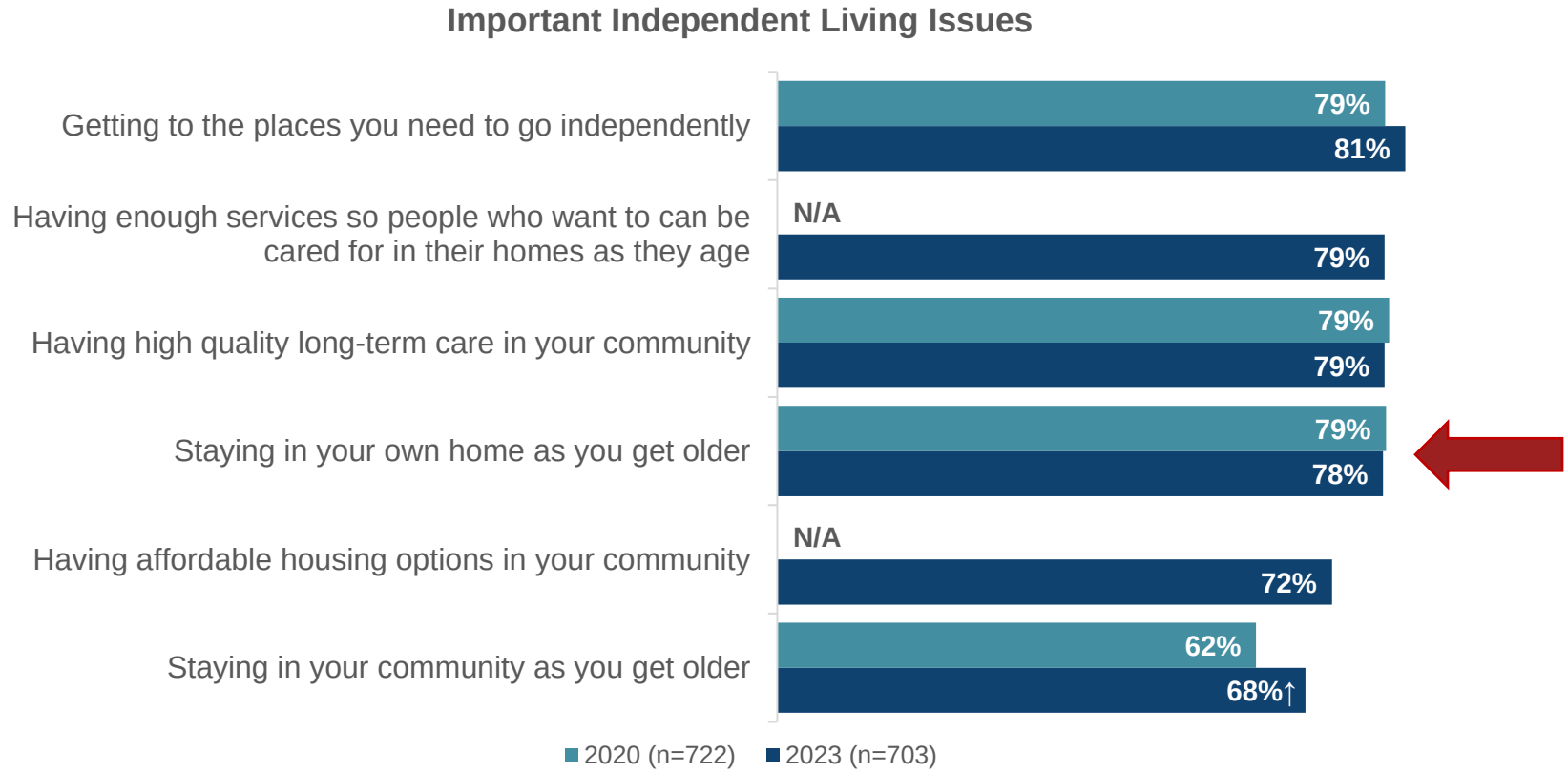
Survey Results for North Dakota-Livable Communities Questions

Issues That Impact North Dakota Adults Age 45 and Older



ISSUES OF IMPORTANCE

North Dakota residents age 45+ find many independent living issues important, with getting to places independently (81%) topping the list.

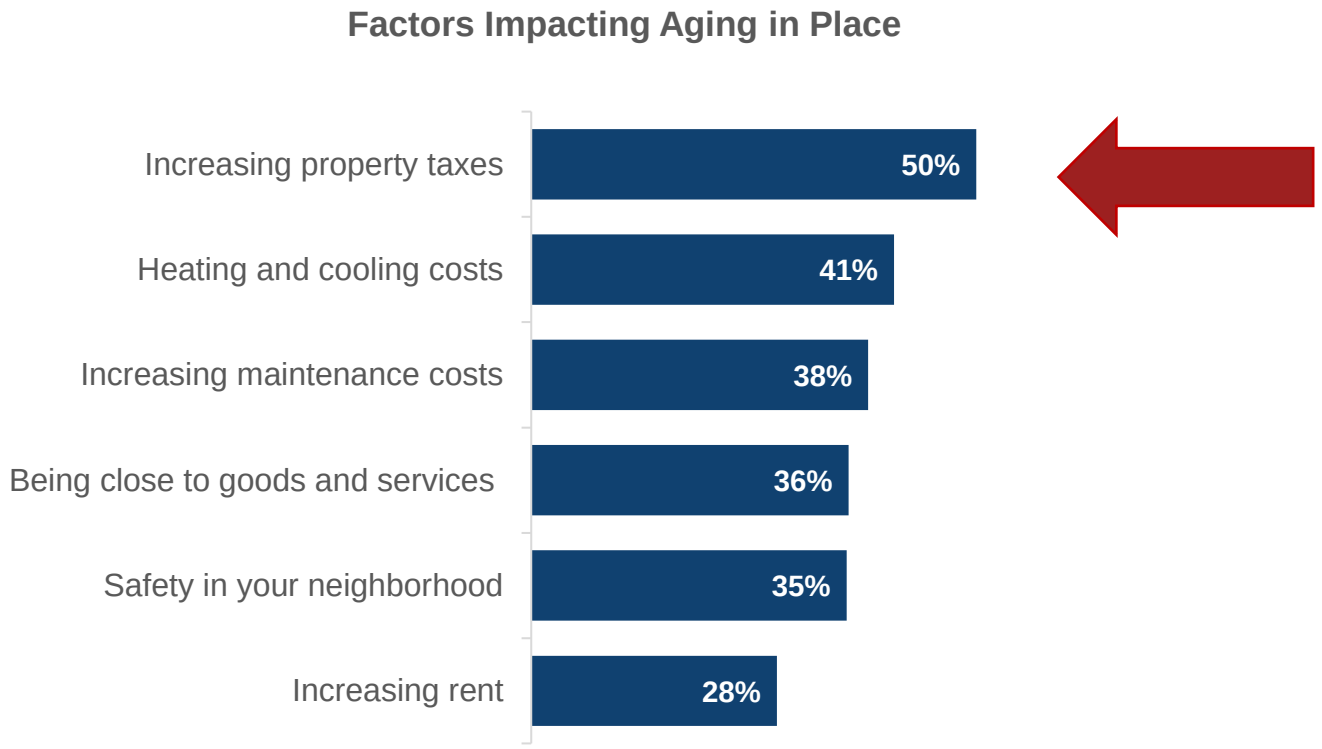


I1. For the following list of issues, please indicate how important each is to you personally. (Percent 'extremely important' or 'very important')
↑ ↓ indicates a significantly higher/lower percentage compared to the prior wave at the 95% confidence level.

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HOUSING AND RELOCATION

North Dakota residents age 45+ identified a variety of factors that would impact their ability to remain in their home as they age, with increasing property taxes topping the list.



HOME-1. How much do you think each of the following would impact your ability to remain in your home as you age? (Percent 'a lot') (n=703)

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ABOUT AARP

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With nearly 38 million members and offices in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment. AARP also works for individuals in the marketplace by sparking new solutions and allowing carefully chosen, high-quality products and services to carry the AARP name. As a trusted source for news and information, AARP produces the nation's largest circulation publications, AARP The Magazine and AARP Bulletin. To learn more, visit www.aarp.org or follow @AARP and @AARPadvocates on social media.



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CONTACT

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My name is Connie Samuelson, Minot, ND
I along with many others who signed the Petition to end the wasteful spending in Bismarck and eliminate property taxes in ND oppose this bill. Where is the local control?
A few comments from average ND, residents who supported M4:
1- True/Assessed values are set by the State and this is not a fair and is a very complicated taxation system. End it.
2 - Owners should not be penalized for improvements made to their properties. Safer and better living arrangements, increases values therefore, the State increases the property tax.
3- When the State removes tax liabilities from some, that burden gets placed on someone else. RZ, TIFs, new construction, first time home buyers, farm building, schools, City, County, hospitals etc. Get rid of all State sanctioned exemptions.
4- Eliminate difficult to understand formulas, credits and systems, such as and mills, credits, HSTC, DVTC, assess values and, true & full valuations.... The State required formulas are too complicated. Simplify them (get rid of Vanguard.)
5- The State Representatives do not support using Legacy Funds, because they will "run out".
Here are some their very sound suggestions for property tax reform:

a) The state pays 100% for K-12. (In a round-a-bout way, session by session, you already are.)
School building allowances would come from the Common School Trust Fund and **only** academics paid for by the state. The schools need to decide between gyms and data centers; track-fields and science labs; free meals and educational materials.

b) Remove property tax based on valuations and intrusive visits from city assessors.
We do not support square footage. The state would find a way to make that expensive and complicated; and it would also require invasive visits.

c) Eliminate ALL exemptions: RZ, TIF, farms, homestead etc..
If this really results in economic development, you are stagnating growth by choosing winners and losers.

d) Remove the foreclosure clause for delinquent property tax payments.
Bought and paid for, should result in true ownership.

e) Do not support caps on local government.
M4 was brought on because it is the state who needs to cut their spending and involvement in local property mandates. If revenue needs to be increased at the local level, it is up to the residents to determine a route, not the state.

f) Current property taxes pay for services, not properties. Implement a sales (service) tax.

This bill along with so many others proposed makes' property tax even MORE complicated than it currently is.
Thank you for your time and consideration.

Board of County Commissioners
Tony Grindberg
Duane Breitling
Tim Flakoll
Jim Kapitan
Joel Vettel

CASS COUNTY GOVERNMENT

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Fargo, North Dakota 58108
701-241-5609
www.casscountynd.gov

January 13, 2025

Chairman Craig Headland
Members of House Finance & Tax Committee
North Dakota State Capitol
600 East Boulevard
Bismarck, ND 58505-0360

RE: HB 1176

Chairman Headland and Members of the House Finance & Tax Committee:

Thank you for the opportunity to share some initial thoughts on House Bill 1176. Cass County and our partners at the North Dakota Association of County continue to review this bill language and intend to provide input about the impacts of the legislation on North Dakota's most populated county.

In general, we support legislative efforts to expand primary residence property tax relief to taxpayers in North Dakota. This is consistent with the fiscally conservative approach the Cass County Commission has consistently taken to our own budgeting process.

With respect to the implementation of property tax caps, Cass County respectfully submits that this is a discussion that should be well informed and based measurable data. Counties throughout the state of North Dakota are unique in many ways and have varying budget demands. Therefore, a taxing limitation calculation that considers the rate of inflation, population growth, economic growth, and new service demands (e.g. staffing a new jail expansion) in addition to new taxable property development would assist in providing a viable path of sustainability for taxing entities while maintaining fiscal restraint. Cass County is in the process of developing information that we believe will describe our budgeting history and our anticipated needs in future years based on past performance.

We appreciate the legislature's thoughtful review of this important matter, and we intend to remain involved as this discussion continues. Please reach out if we can assist you in any way.

Sincerely,

Tony Grindberg

Chairman Tony Grindberg
Cass County Commission

Oppose HB 1461
House Finance and Tax Committee
January 14, 2025

Chairman Headland and Committee members,

I am Larry Syverson from Mayville. I grow soybeans on my farm in Traill County. I am the Chairman of the Board of Supervisors for Roseville Township and the Executive Director of the North Dakota Township Officers Association. NDTOA represents 6,000 Township Officers who serve in more than 1,100 dues-paying member townships.

NDTOA does support most of HB1176; we understand the desire and need for property tax reform. However, the limitations in the bill will pose a significant problem for township funding of necessary services, mostly road maintenance. Township levies are already limited to 18 mills, with an option to go up to 36 mills with a special election. Most townships are levying less than half of what they could under the law. Township electors vote to tax themselves, and they have been keeping the levy low. Some are just now realizing that more funding is needed to maintain their deteriorating roads and that they can budget and levy for more. They may need to increase the levy to 18 mills to qualify for Flex Fund Grant consideration.

Each year, for the annual township meeting in March, the township clerk publishes a notice in the official paper advising the citizen-electors of the time and place of the meeting. At the annual meeting, the electors are given the reports of the township officers covering the finances and road maintenance activities. The board of supervisors will also submit a proposed budget for the approval of the electors.

The electors at the annual meeting can modify the budget; the electors could move and vote to stop all expenses and not levy any taxes; they have that right and ability. However, in my experience, few, if any, will vote against the proposed budget. Those who came in with concerns about spending will see where last year's spending went and can be a part of directing the future. They might have attended because they didn't understand the scale of expenses. But they will vote on a budget.

57-15-19. Township tax levies. **The electors of each township have power at the annual meeting to vote to raise such sums of money for the repair and construction of roads and bridges, and for all township charges and necessary expenses as they deem expedient, within the limitations prescribed in section 57-15-20, and on the fourth Tuesday in March, or within ten days thereafter, of each**

year, the board of supervisors of each civil township shall levy annual taxes for the ensuing year, as voted at the annual township meeting, and the tax levy must be limited by the amount voted to be raised at such annual meeting. The electors at such annual meeting may direct the expenditure of the road tax, or a part of it, in an adjoining township under the joint direction of the boards of supervisors of the townships interested and furnishing such funds.

The township levy is limited to 18 mills unless the published meeting notice includes notice of a special election. Upon approval by the electors at the special election, the levy can be expanded to an additional 18 mills, a total of 36 mills. The expanded levy lasts for 5 years and then must be put up for election again.

A special election may be held for the purpose of approving an unlimited levy to deal with an emergency matter. Notice of that election must be published in the official newspaper and may be levied for a maximum of five years.

57-15-19.7. Township levy for emergency purposes.

1. Upon approval of a majority of electors of the township voting on the question, a township may levy the number of mills necessary for the purpose of addressing natural disasters or other emergency conditions.
2. The levy under this section may be made only if notice of the question of the approval of the levy has been included with the notice of the annual or special meeting provided in chapter 58-04.
3. Approval by the electors of increased levy authority under this section may not be effective for more than five taxable years.

Taxes are levied because citizens need services; they need snow plowed so they can get to work or school. They need roads maintained so they can haul their product to market. For those reasons the electors of the township have already approved the budget and resulting levy. Please don’t make the citizen-electors redo their actions.

The North Dakota Township Officers Association requests that you allow the townships' budget and levy approval process to work. Please amend HB1176 to consider the voice and vote of the township citizen-electors and the unique way the township budget and levy are set.

Thank you, Chairman Headland and Committee members, I will try to answer any questions you may have.

NORTH DAKOTA Farmers Union

Contact:
Matt Perdue, Lobbyist
mperdue@ndfu.org I 701.641.3303

Testimony of
Matt Perdue
North Dakota Farmers Union
Before the
House Finance and Taxation Committee
January 14, 2025

Chairman Headland and members of the committee,

Thank you for the opportunity to testify on House Bill No. 1176. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members. NDFU supports HB 1176. We strongly encourage the committee to build upon the legislation to provide broad-based tax relief for North Dakota taxpayers.

During our most recent annual convention, NDFU's members approved a special order of business declaring property tax relief and reform as our top priority for this legislative session. That special order supports the Primary Residence Credit and efforts to slow the growth in the property tax burden. Both of those proposals are included in HB 1176.

However, we are concerned by the inequities HB 1176 creates. The legislation creates a path to zero property taxes for homeowners. However, it does not provide relief for owners of agricultural property. We encourage the committee to address these inequities by:

- Providing similar relief for active farmers and ranchers, and
- Limiting the property tax credit to a certain percentage of a taxpayer's liability so all taxpayers have "skin in the game."

While we support efforts to slow the growth in the property tax burden for taxpayers, we recognize that caps on levy increases could have negative impacts, particularly on rural communities. If HB 1176 passes we believe it is important for the legislature to make strong investments in rural infrastructure and services.

Thank you for the opportunity to testify in support of HB 1176. We look forward to working with you to build upon this proposal and provide meaningful broad-based tax relief. I will stand for any questions.

House Finance and Taxation Committee

01/14/25

HB 1176

Thank you, Chairman Headland and members of the committee, for the opportunity to speak today on behalf of small businesses in support of property tax relief and reform.

I represent NFIB, the nation's largest small business advocacy organization. We are dedicated to empowering and advocating for small businesses in our state. We serve thousands of small business owners who are the backbone of our local economy, providing jobs, services, and products that our communities rely upon every day.

In a recent poll conducted among our members, an overwhelming majority expressed strong support for property tax relief and reform. Rising property taxes place a huge burden on small businesses, stifling growth and innovation and making it difficult for them to compete and thrive.

Our small business owners are committed to their communities and want to see them flourish. However, the rising property taxes often forces them to make tough decisions—whether it's cutting jobs, forgoing expansion opportunities, or even considering relocating their businesses to more tax-friendly states.

We believe that meaningful property tax relief and reform will provide much-needed relief to these businesses, enabling them to reinvest in their operations, create more jobs, and contribute even more significantly to our state's economy.

Your support in this endeavor is crucial to ensuring that our small businesses can continue to be a vital part of our community's fabric.

On behalf of NFIB and our members, I ask you to give a Do-Pass recommendation to House Bill 1176. Thank you for your time and consideration.

CITY OF
MANDAN Administration
WHERE THE WEST BEGINS

House Finance and Taxation Committee
HB 1146
Representative Headland Chair
January 14, 2025

Chair Hedland and members of the House Finance and Taxation Committee.

My name is Jim Neubauer, City Administrator for Mandan and I offer testimony in a neutral position to House Bill 1146. The legislative priority of providing property tax relief is much appreciated.

A few items to note on how the proposed 3% increase cap would affect the City of Mandan:

- The 3% cap would amount to an approximately $209,000 increase in the General Fund.
- A 2% cost of living increase for full time employees in the General Fund is approximately $171,000. This does not include any increase in health insurance premiums.
- The City of Mandan continually competes with the City of Bismarck and the State of North Dakota for employees, not being able to offer competitive wages in this arena would hamper our ability to attract and retain employees.
- The City of Mandan is planning for the construction of a 3rd fire station in the northwest part of town as response times to this area have become an issue. The 3% cap would significantly affect our ability to provide staff as fifteen new positions would be needed.
- The City of Mandan will inherit, from the North Dakota Department of Transportation the maintenance (snow removal, sweeping, storm sewer cleaning etc) when reconstruction is completed of Memorial Highway (the Strip). This is an additional 10 miles of existing roadway maintenance which will require additional equipment and manpower to service. The 3% cap will not provide the funding to do so.

The above situations are examples of how the proposed 3% cap would affect the City of Mandan's ability to provide the essential public services that our citizens both deserve and expect.

Thank you for your consideration in adjusting the proposed the cap.

1176
Mike Nath
in favor

North Dakota Legislative Council

Prepared by the Legislative Council staff
LC# 25.9408.01000
January 2025

SUMMARY OF BILL DRAFT 25.1003.01000

This memorandum provides a summary of bill draft [25.1003.01000], which provides property tax reform and relief.

PRIMARY RESIDENCE CREDIT

Sections 7, 8, 9, and 10 of the bill draft amend the primary residence credit program to:

- Continue the program beyond tax year 2025 by removing the program expiration dates.
- Increase the credit from $500 to $1,550 beginning in tax year 2025.
- Exclude voter-approved levies from the tax relief beginning in tax year 2025.
- Include primary residences held in a trust beginning in tax year 2025.
- Provide for a transition year during tax year 2025 to align the credit for mobile homes with the real estate tax cycle.
- Clarify the process for prorating property taxes if the primary residence is subject to a real estate transaction.
- Integrate the credit with the new primary residential property classification after the new classification becomes effective beginning in tax year 2026.

An emergency clause is included to authorize the changes to the primary residence credit for tax year 2025.

HOMESTEAD CREDIT PROGRAM

Sections 5 and 6 of the bill draft, beginning in tax year 2025, expand the homestead credit program, which is available to qualifying homeowners and renters who are at least age 65, by increasing:

- The two income thresholds by $10,000, from $40,000 to $50,000 and from $70,000 to $80,000.
- The maximum taxable value exemption from $9,000 to $11,250. (**NOTE:** A taxable valuation limit of $9,000 relates to an exemption of $200,000 of true and full value while a taxable valuation limit of $11,250 relates to an exemption of $250,000 of true and full value.)
- The maximum renters refund from $400 to $600.

PROPERTY CLASSIFICATIONS

Sections 4, 11, 12, and 13 of the bill draft create a new classification for primary residential property separate from other nonprimary residential property. Certification and eligibility for a primary residence is based on an application and approval process administered through the Tax Department.

LEVY LIMITS

Section 18 of the bill draft provides a property tax levy limitation applicable to all taxing districts, beginning in tax year 2025, by:

- Limiting property tax levy increases to 3 percent each year, plus any unused excess percentage increase from the 5 preceding years, without requiring voter approval.
- Allowing a taxing district to increase the levy to an amount exceeding the limit, for 1 year only, if approved by a majority of the qualified electors of the taxing district at a regular or special election.
- Basing the 3 percent levy increase limit on the greater of the highest amount levied in the 3 preceding years or the amount levied in the preceding year with adjustments, including adjustments for new property.

The levy increase limit does not apply to certain levies, including an irrepealable tax to pay indebtedness, the constitutional 1-mill levy for the state medical center, and other specified levies.

PROPERTY TAX RELIEF FUNDING

Sections 1, 2, 3, and 21 of the bill draft provide state funding for the primary residence credit by:

- Clarifying the process for distributions from the legacy fund to the legacy earnings fund.
- Providing an allocation from the legacy earnings fund to a newly created legacy property tax relief fund.
- Providing intent to increase the primary residence credit in future bienniums using additional legacy earnings fund allocations.
- Providing intent to use legacy earnings fund allocations in future bienniums to replace general fund appropriations and oil and gas tax-related funding for other property tax relief programs.
- Appropriating $483.4 million from the legacy property tax relief fund for the state reimbursement of the primary residence credit, which includes $310 million transferred from the general fund and $173.4 million allocated from the legacy earnings fund.

PROPERTY TAX NOTICES AND STATEMENTS

Sections 14, 15, 16, 17, and 19 of the bill draft modify the property tax notices and statements by:

- Requiring an assessor to provide information regarding the current property assessment, the date of the local and county board of equalization meetings, and information regarding the taxing districts' public budget hearings at least 15 days before the local board of equalization meeting.
- Removing required notices of assessment increases for certain property value increases by assessors and for certain property value increases by township, city, and county boards of equalization.
- Requiring property tax statements to separately identify the amounts for voter-approved property tax levies in each taxing district and to identify the primary residence credit, including the portion of the credit derived from legacy fund earnings.

REPEALS

Section 20 repeals:

- Obsolete legacy fund definitions under North Dakota Century Code Section 21-10-12.
- The legacy earnings fund under Section 21-10-13 to move the fund and revise the allocations as provided in Section 3 of the bill draft.
- The requirement to provide estimated property tax and budget hearing notices under Section 57-15-02.2.

ATTACH:1

HB 1176 LEFOR

Good morning, chairman Headland and members of the House Finance and Tax committee, for the record, my name is Mike Lefor, and I serve District 37 – Dickinson in the House of Representatives. I am here today to testify in support of HB 1176.

This bill puts forth a bold, sustainable approach to property tax reform while also allocating legacy fund earnings dollars to benefit present and future generations of North Dakotan's. First, the reform aspect includes a 3% cap on future spending on behalf of political sub-divisions while also giving these entities the ability to "bank" percentages not utilized in the cap.

For example, any political sub-division not using the full 3% increase in any given year have the amount not levied to be potentially be utilized in future years for a period of up to five years. If it is not used within the five-year time frame, that ability goes away.

Additionally, if the political sub-division believes that a 3% increase is not enough to fund their operations, they can go to a vote of their community to seek more funding.

Further, the bill provides for an increase of $1,050.00 per primary residence tax credit from the current level of $500.00 to $1550.00. The citizens of the state have responded well to this as an estimated 92% of those eligible have requested tax credit through the state tax department who did an outstanding job in making the people of the state know about the tax credit and be able to better recognize the primary residences of our citizens.

The dollars for this credit would be allocated from the general fund in the amount of $310 million and roughly $173 million from the legacy earnings fund. With the rapid growth of the principal of the legacy fund and a portion of the overall earnings being returned to the legacy fund principle allows for a faster acceleration of the principal and therefore, future earnings as well.

In a spreadsheet prepared by OMB, with the assumption of $60 oil, 1.1 million barrels of oil production per day and a 6.5% return on investment, the legacy fund could grow to over $30 billion in twelve years. In that scenario, the dollars available for distribution for future property tax credits would grow from $173 million to over $1.3 billion.

I believe it is important to make sure the property tax credits allocated come from a stable source. The citizens of this state have done things in a smart fashion since statehood, for example the common schools trust fund, which is a constitutional fund has now grown to $7.2 billion, and is now projected to provide approximately $500 million toward the cost of K-12 education. This amount has grown steadily over the years.

In 2010, the voters approved the Legacy Fund, which has shown tremendous growth in the time it has been in existence. The legacy earnings fund can be used in a similar fashion to provide long-term sustainable property tax credits to our citizens in perpetuity.

This bill allocates an additional $70 million toward the Homestead Tax Credit increasing the income threshold for those who can apply for this credit as well as increasing the threshold for the value of the home which can be considered for the tax credit. It is my understanding the average credit achieved through this credit is $1,300.00.

There is also a credit for renters which would increase from $400 to $600 if certain income thresholds are met. Chairman Headland, and members of the House finance and tax committee HB 1176 provides for true property tax reform in limiting spending on behalf of local political sub-divisions, providing for flexibility in those caps and the ability for the citizens of the community to vote for additional funding if they believe it is necessary.

I would ask the committee to consider a "do pass" recommendation to the House floor. Thank you.



North Dakota Legislative Council

Prepared by the Legislative Council staff
LC# 25.9237.01000
April 2024

PROPERTY TAX RELIEF PROGRAMS - 2007-09 THROUGH 2023-25 BIENNIUMS

The schedule below provides information on property tax relief programs provided by the Legislative Assembly for the 2007-09 biennium through the 2023-25 biennium.

	Estimated Fiscal Impact									
	2007-09 Biennium	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	Total
School-related mill levy reductions										
Mill levy reduction grants		$299,444,264	$341,790,000							$641,234,264
Mill levy reduction in integrated school formula payments				$656,473,838[1]	$988,000,000[2]	$1,081,000,000[2]	$1,166,000,000[2]	$1,240,000,000[2]	$1,331,000,000[2]	6,462,473,838
Total school-related mill levy reductions	$0	$299,444,264	$341,790,000	$656,473,838	$988,000,000	$1,081,000,000	$1,166,000,000	$1,240,000,000	$1,331,000,000	$7,103,708,102
Homestead and disabled veterans' tax credits										
Homestead and disabled veterans' property tax credit programs	$8,104,000	$10,774,000	$14,018,563	$27,678,000	$25,865,091	$24,820,200	$28,250,200	$34,300,000	$91,145,000	$264,955,054
Homestead income tax credit for property tax relief	112,000,000									112,000,000
Total homestead tax credits	$120,104,000	$10,774,000	$14,018,563	$27,678,000	$25,865,091	$24,820,200	$28,250,200	$34,300,000	$91,145,000	$376,955,054
Other property tax relief										
State-paid property tax relief credits (12 percent property tax credit)				$200,000,000	$241,525,000					$441,525,000
Primary residence property tax credit									$103,225,000	103,225,000
State funding of certain county costs of child welfare and service payments for elderly and disabled services					19,300,000	$23,300,000	$23,300,000[3]	$23,300,000[3]	23,300,000[3]	112,500,000
State grants to counties - Emergency human service levies					3,900,000					3,900,000
County economic assistance and social services financing pilot program						160,700,000				160,700,000
County social and human services project							173,700,000	189,917,386	226,787,642	590,405,028
State funding of clerk of court costs formerly paid by counties	$13,587,187	$15,253,306	$16,795,673	20,432,528	24,603,806	23,936,056	24,957,631	25,212,502	26,125,566	190,904,255
Total other property tax relief	$13,587,187	$15,253,306	$16,795,673	$220,432,528	$289,328,806	$207,936,056	$221,957,631	$238,429,888	$379,438,208	$1,603,159,283
Total property tax relief	$133,691,187	$325,471,570	$372,604,236	$904,584,366	$1,303,193,897	$1,313,756,256	$1,416,207,831	$1,512,729,888	$1,801,583,208	$9,083,822,439

Projected Legacy Earnings Fund Allocations

	2025-27	2027-29	2029-31	2031-33	2033-35	2035-37	2037-39
5-year average balance	8,586,013,571	10,688,388,928	13,405,247,553	15,942,111,794	18,691,775,817	21,673,759,969	24,888,826,449
Allocation @ 7% POMV	601,020,950	748,187,225	938,367,329	1,115,947,826	1,308,424,307	1,517,163,198	1,742,217,851

Allocations:

Sinking and interest fund	102,624,000	102,624,000	102,624,000	102,624,000	102,624,000	102,624,000	102,624,000
GF - Tax relief	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000
Highway tax distribution fund	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Proposed Legacy Property Tax Credit	173,396,950	320,563,225	510,743,329	688,323,826	880,800,307	1,089,539,198	1,314,593,851
Assumed number of primary residences	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Legacy property tax relief payment	**$559**	**$1,051**	**$2,295**	**$3,220**	**$3,841**	**$4,257**	**$5,241**
General fund credit	**$1,000**	**$983**	**$676**	**$390**	**$79**	**$0**	**$0**
Total property tax credit	**$1,559**	**$2,034**	**$2,971**	**$3,610**	**$3,921**	**$4,257**	**$5,241**

Calculation of Legacy offset of $1,000 General Fund credit

General fund credit before reduction	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Gross Legacy payment before offset	$559	$1,034	$1,648	$2,220	$2,841	$3,515	$4,241
Total credit before offset	$1,559	$2,034	$2,648	$3,220	$3,841	$4,515	$5,241
Amount above $2,000 TOTAL CREDIT		$34	$648	$1,220	$1,841	$2,515	$3,241
Amount added to Legacy Property Tax Credit		$17	$324	$610	$921	$1,257	$2,241
Amount Used to offset GF credit		$17	$324	$610	$921	$1,000	$1,000
General Fund cost before offset	$310,000,000	$310,000,000	$310,000,000	$310,000,000	$310,000,000	$310,000,000	$310,000,000
General Fund buy down from Legacy			$100,371,664	$189,161,913	$285,400,154	$310,000,000	$310,000,000
General Fund cost after offset			$209,628,336	$120,838,087	$24,599,846	$0	$0

Legacy Property Tax Credit - Estimated Credit Amounts

Projected Legacy Fund Balances

Fiscal Year	Legacy Fund Ending Balance
2020	6,995,309,070
2021	8,115,202,181
2022	7,946,079,492
2023	8,999,738,920
2024	10,873,738,190
2025 est	12,378,910,454
2026 est	13,243,477,584
2027 est	14,803,763,967
2028 est	15,726,347,568
2029 est	17,504,712,211
2030 est	18,432,257,641
2031 est	20,417,740,022
2032 est	21,377,821,642
2033 est	23,586,471,829
2034 est	24,554,508,710
2035 est	26,975,907,513
2036 est	27,949,422,551
2037 est	30,598,185,021

1176

"No Tax Due" Scenarios - True and Full Value Thresholds

Prepared by: Brian Kroshus - Tax Commissioner 1/9/2025

HB 1176

Homestead Credit = $11,250 (maximum reduction in taxable value)
Primary Residence Credit = $1,550 (maximum credit)

$388K Home w/ 100% homestead deduction (no discount) [1]	
True and Full Value	**$387,778**
Taxable Value	$17,450
Homestead Deduction	$11,250
Remaining Taxable Value	$6,200
Mill Rate	250
Consolidated Tax Due	$1,550.00
no discount (paid after 2-15)	$0.00
Total tax due	$1,550.00
Less Primary Residence Credit	$1,550.00
Net Consolidated Tax Due	**$0.00**

$395K Home w/ 100% homestead deduction (w/discount) [1]	
True and Full Value	**$395,029**
Taxable Value	$17,776
Homestead Deduction	$11,250
Remaining Taxable Value	$6,526
Mill Rate	250
Consolidated Tax Due	$1,631.58
less 5% discount (paid by 2-15)	$81.58
Total tax due	$1,550.00
Less Primary Residence Credit	$1,550.00
Net Consolidated Tax Due	**$0.00**

[1] Market or True and Full Value thresholds to qulaify for no property tax due

"No Tax Due" Scenarios - True and Full Value Thresholds

Prepared by: Brian Kroshus - Tax Commissioner 1/9/2025

HB 1176

Homestead Credit = $11,250 (maximum reduction in taxable value)
Primary Residence Credit = $1,550 (maximum credit)

$263K Home w/ 50% homestead deduction (no discount) [1]	
True and Full Value	**$262,778**
Taxable Value	$11,825
Homestead Deduction	$5,625
Remaining Taxable Value	$6,200
Mill Rate	250
Consolidated Tax Due	$1,550.00
no discount (paid after 2-15)	$0.00
Total tax due	$1,550.00
Less Primary Residence Credit	$1,550.00
Net Consolidated Tax Due	**$0.00**

$270K Home w/ 50% homestead deduction (w/discount) [1]	
True and Full Value	**$270,029**
Taxable Value	$12,151
Homestead Deduction	$5,625
Remaining Taxable Value	$6,526
Mill Rate	250
Consolidated Tax Due	$1,631.58
less 5% discount (paid by 2-15)	$81.58
Total tax due	$1,550.00
Less Primary Residence Credit	$1,550.00
Net Consolidated Tax Due	**$0.00**

[1] Market or True and Full Value thresholds to qulaify for no property tax due

"No Tax Due" Scenarios - True and Full Value Thresholds

Prepared by: Brian Kroshus - Tax Commissioner 1/9/2025

HB 1176

Homestead Credit = $11,250 (maximum reduction in taxable value)
Primary Residence Credit = $1,550 (maximum credit)

$138K Home with no homestead deduction (no discount) [1]	
True and Full Value	**$137,778**
Taxable Value	$6,200
Homestead Deduction	$0
Remaining Taxable Value	$6,200
Mill Rate	250
Consolidated Tax Due	$1,550.00
no discount (paid after 2-15)	$0.00
Total tax due	$1,550.00
Less Primary Residence Credit	$1,550.00
Net Consolidated Tax Due	**$0.00**

$145K Home with no homestead deduction (w/discount) [1]	
True and Full Value	**$145,029**
Taxable Value	$6,526
Homestead Deduction	$0
Remaining Taxable Value	$6,526
Mill Rate	250
Consolidated Tax Due	$1,631.58
less 5% discount (paid by 2-15)	$81.58
Total tax due	$1,550.00
Less Primary Residence Credit	$1,550.00
Net Consolidated Tax Due	**$0.00**

[1] Market or True and Full Value thresholds to qulaify for no property tax due

Summary - HB 1176

Prepared by: Brian Kroshus - Tax Commissioner 1/9/2025

HB 1176

Homestead Credit = $11,250 (maximum reduction in taxable value)
Primary Residence Credit = $1,550 (maximum credit)

True and Full Value Scenarios - associated property tax due	Net Consolidated Tax Due
$300K home w/ 100% homestead deduction	$0.00
$300K home w/50% homestead deduction	$418.75
$300K home - no deduction	$1,825.00
$250K home w/ 100% homestead deduction	$0.00
$250K home w/50% homestead deduction	$0.00
$250K home - no deduction	$1,262.50
$200K home w/ 100% homestead deduction	$0.00
$200K home w/50% homestead deduction	$0.00
$200K home - no deduction	$700.00

"No Tax Due" Scenarios - True and Full Value Thresholds	True and Full Value
Home w/ 100% homestead deduction, $1,550 PRC (no early pay discount)	$388K
Home w/ 100% homestead deduction, $1,550 PRC (with early pay discount)	$395K
Home w/ 50% homestead deduction, $1,550 PRC (no early pay discount)	$263K
Home w/ 50% homestead deduction, $1,550 PRC (with early pay discount)	$270K
Home w/ no homestead deduction, $1,550 PRC (no early pay discount)	$138K
Home w/ no homestead deduction, $1,550 PRC (with early pay discount)	$145K

Property Tax Relief and Reform Proposal

Prepared by: Brian Kroshus

HB 1176

1/9/2025

Homestead Credit = $11,250 (maximum reduction in taxable v
Primary Residence Credit = $1,550 (maximum credit)

$300K Home w/ 100% homestead deduction

True and Full Value	$300,000
Taxable Value	$13,500
Homestead Deduction	$11,250
Remaining Taxable Value	$2,250
Consolidated Tax Due	$580.50
Less Primary Residence Credit	$580.50
Net Consolidated Tax Due	**$0.00**

$250K Home w/ 100% homestead deduction

True and Full Value	$250,000
Taxable Value	$11,250
Homestead Deduction	$11,250
Remaining Taxable Value	$0.00
Consolidated Tax Due	$0.00
Less Primary Residence Credit	$0.00
Net Consolidated Tax Due	**$0.00**

$200K Home w/ 100% hc

True and Full V	
Taxable Valu	
Homestead Ded	
Remaining Taxabl	
Consolidated Ta	
Less Primary Reside	
Net Consolidated	

$300K Home w/ 50% homestead deduction

True and Full Value	$300,000
Taxable Value	$13,500
Homestead Deduction	$5,625
Remaining Taxable Value	$7,875
Consolidated Tax Due	$1,968.75
Less Primary Residence Credit	$1,550.00
Net Consolidated Tax Due	**$418.75**

$250K Home w/ 50% homestead deduction

True and Full Value	$250,000
Taxable Value	$11,250
Homestead Deduction	$5,625
Remaining Taxable Value	$5,625
Consolidated Tax Due	$1,406.25
Less Primary Residence Credit	$1,406.25
Net Consolidated Tax Due	**$0.00**

$200K Home w/ 50% hon

True and Full V	
Taxable Valu	
Homestead Ded	
Remaining Taxabl	
Consolidated Ta	
Less Primary Reside	
Net Consolidated	

$300K Home - no homestead deduction

True and Full Value	$300,000
Taxable Value	$13,500
Homestead Deduction	$0
Remaining Taxable Value	$13,500
Consolidated Tax Due	$3,375.00
Less Primary Residence Credit	$1,550.00
Net Consolidated Tax Due	**$1,825.00**

$250K Home - no homestead deduction

True and Full Value	$250,000
Taxable Value	$11,250
Homestead Deduction	$0
Remaining Taxable Value	$11,250
Consolidated Tax Due	$2,812.50
Less Primary Residence Credit	$1,550.00
Net Consolidated Tax Due	**$1,262.50**

$200K Home - no homest

True and Full Va	
Taxable Valu	
Homestead Ded	
Remaining Taxable	
Consolidated Tax	
Less Primary Residen	
Net Consolidated T	

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ND association of cities

TAX FOUNDATION

2025 State Tax Competitiveness Index

North Dakota | #9 Overall

North Dakota's tax system ranks 9th overall on the *2025 State Tax Competitiveness Index*. North Dakota performs above average across all tax categories, ranking in the top 10 states overall, as well as on the property tax and corporate tax components. While North Dakota's corporate and individual income taxes have a graduated-rate structure, both rates are low, with North Dakota's top marginal individual income tax rate tied with Arizona's as the lowest in the country (2.5 percent).

One shortcoming in North Dakota's tax code is its throwback rule, which increases tax liability for in-state businesses making sales of tangible personal property in states with which they lack nexus.

However, North Dakota conforms to federal expensing provisions under Section 168(k) and 179, conforms to the federal treatment of NOLs, and does not levy a capital stock tax, real estate transfer tax, or estate or inheritance tax.

Category	Rank	Rank Change	Score
Overall	9	0	5.67
Corporate Taxes	7	-3	5.75
Individual Income Taxes	17	2	5.69
Sales Taxes	15	0	5.17
Property Taxes	4	-2	6.34
Unemployment Insurance Taxes	12	-6	5.58

Per Capita State & Local Property Taxes 2022

RANK	STATE	AMOUNT
1	New Hampshire	$3,635
2	New Jersey	$3,619
3	Connecticut	$3,356
4	New York	$3,337
5	Vermont	$3,182
6	Massachusetts	$2,990
7	Illinois	$2,618
8	Maine	$2,545
9	Rhode Island	$2,529
10	Alaska	$2,389
11	Nebraska	$2,260
12	Texas	$2,199
13	California	$2,141
14	Wyoming	$2,140
15	Colorado	$2,110
16	Virginia	$2,009
17	Iowa	$1,994
18	Washington	$1,988
19	Minnesota	$1,908
20	Montana	$1,905
21	Oregon	$1,892
22	Maryland	$1,868
23	Wisconsin	$1,826
24	Kansas	$1,799
25	Pennsylvania	$1,720
26	Michigan	$1,703
27	South Dakota	$1,665
28	Florida	$1,648
29	Ohio	$1,613
30	Hawaii	$1,611
31	**North Dakota**	**$1,611**
32	Georgia	$1,447
33	South Carolina	$1,408
34	Missouri	$1,358
35	Nevada	$1,338
36	Utah	$1,333
37	Indiana	$1,253
38	Arizona	$1,248
39	Mississippi	$1,227
40	North Carolina	$1,154
41	Delaware	$1,142
42	West Virginia	$1,109
43	New Mexico	$1,106
44	Idaho	$1,062
45	Louisiana	$1,042
46	Kentucky	$1,017
47	Tennessee	$961
48	Oklahoma	$932
49	Arkansas	$854
50	Alabama	$692
	US Average	$1,933

State & Local Property Taxes per $1,000 of Personal Income in 2022

RANK	STATE	AMOUNT
1	Vermont	$47.54
2	New Hampshire	$46.04
3	New Jersey	$44.08
4	New York	$40.53
5	Maine	$39.09
6	Rhode Island	$37.43
7	Connecticut	$37.32
8	Illinois	$36.24
9	Alaska	$33.36
10	Texas	$33.19
11	Massachusetts	$33.00
12	Iowa	$31.77
13	Nebraska	$31.67
14	Montana	$29.31
15	Wisconsin	$28.10
16	Oregon	$27.89
17	Michigan	$27.86
18	Kansas	$27.22
19	Virginia	$27.20
20	California	$26.35
21	Colorado	$26.35
22	Minnesota	$26.29
23	Ohio	$26.22
24	Wyoming	$26.08
25	Pennsylvania	$24.95
26	Maryland	$24.78
27	Mississippi	$24.72
28	South Carolina	$24.56
29	Washington	$24.56
30	Hawaii	$24.35
31	Georgia	$24.16
32	Florida	$23.99
33	South Dakota	$22.98
34	**North Dakota**	**$22.36**
35	Missouri	$21.69
36	West Virginia	$20.99
37	Utah	$20.77
38	Indiana	$20.46
39	Nevada	$20.20
40	New Mexico	$19.98
41	Arizona	$19.95
42	North Carolina	$18.67
43	Kentucky	$18.38
44	Idaho	$17.89
45	Louisiana	$17.71
46	Delaware	$17.08
47	Tennessee	$15.44
48	Oklahoma	$15.39
49	Arkansas	$14.83
50	Alabama	$12.77
	US Average	$27.72

Source: Census State Government Tax Collections: **www.census.gov.**, and the U.S. Department of Commerce **www.bea.gov/regional.**

NDSBA
NORTH DAKOTA SCHOOL BOARDS ASSOCIATION
1224 West Owens Avenue
Bismarck ND 58501
1-800-932-8791 • (701)255-4127
www.ndsba.org

HB 1176
Testimony of Amy De Kok
House Finance & Taxation
January 14, 2025

Chairman Headland and members of the House Finance & Taxation Committee, my name is Amy De Kok. I am the executive director of the North Dakota School Boards Association. NDSBA represents all 168 North Dakota public school districts and their governing boards. Thank you for the opportunity to provide testimony regarding House Bill 1176. I write to express support for the property tax relief provisions within this bill while highlighting some concerns about the reform provisions, particularly how those provisions affect public school districts.

Let me start by saying that NDSBA and its members recognize the importance of addressing the burden of property taxes on the residents of North Dakota. We, like our other local political subdivision colleagues, want to have a seat at the table and provide input as this Committee and the Assembly navigate through these relief and reform efforts. The property tax relief components of HB 1176 represent an important step toward addressing the tax burden on North Dakota residents. These measures will provide meaningful assistance to property owners.

Property taxes are a critical funding source for local services, including schools, law enforcement, fire protection, road maintenance, and public parks. Property taxes levied by public school districts, on average, pay for approximately 25% of the cost of K-12 education in North Dakota. Having said that, NDSBA recognizes the desire and need to not just provide relief, but reform. However, I must express concerns about the reform provisions set forth in HB 1176 starting on page 28, in Section 18, specifically those relating to caps placed on local government levies. These provisions, as currently written, treat all taxing districts the same and do not adequately account for the unique position and constitutional obligations of public-school districts. I would like to bring several critical points to the Committee's attention: First, public school districts already operate under a levy cap. Current law caps school districts' ability to increase their general fund levy at 12% of the amount levied in the previous year, up to a limit of 70 mills. This is reflected in NDCC section 57-15-14.2. Adding additional levy restrictions would create an undue burden on school districts already working within strict financial constraints.

Additionally, any meaningful reform must include safeguard provisions to address unforeseen circumstances that schools regularly face. These include:

- Unexpected but necessary expenses such as major facility repairs or equipment replacements
- Rapid or unanticipated increases in student enrollment
- Fluctuating enrollment patterns that can create sudden demands for additional staffing, classroom space, or specialized services
- Emergency situations requiring immediate action to maintain student safety or educational continuity

Without such safeguards, districts could find themselves unable to respond effectively to changing circumstances or meet their constitutional obligations to provide appropriate educational services to all students. While property tax reform is an important goal, it must be pursued in a way that recognizes the unique position and obligations of public-school districts. The current proposal risks creating unintended consequences that could significantly impact our ability to fulfill our constitutional mandate to educate North Dakota's children.

I respectfully request that the Committee carefully consider these concerns and modify the reform provisions to better account for the distinct circumstances and obligations of public-school districts. Thank you for your consideration of these important issues. I would be happy to provide additional information or answer any questions you may have.

Levy Limitations

2100 - School District

Levy No	Fund Or Purpose	Maximum Rate Or Amount	Law	Remarks (x) Indicates levies in add. to Gen. Fund Levy
2101	General Fund - Provision of Educational Services	Amount in dollars levied for the prior year plus 12% up to 70 mills	N.D.C.C. § 57-15-14.2(1)	The board of a school district may levy a tax not exceeding the amount in dollars from the prior year, plus 12% and the dollar amount of the adjustment required in N.D.C.C. §§ 15.1-27-04.3 and 57-15-14.2(1).
2103	Tuition	None	N.D.C.C. §§ 15.1-29-15; 57-15-14.2(4)	(x)
2104	Judgments	None	N.D.C.C. § 21-03-06(7)	(x)
2107	Special Assessments on School Property	None	N.D.C.C. § 57-15-41	(x)
2108	Building Fund	20 Mills if approved by 60% of qualified electors voting upon the question at a regular or special election in any school district	N.D.C.C. §§ 57-15-16 and 15.1-09-49	(x) Pursuant to N.D.C.C. § 15.1-09-49, the Board of Education in the city of Fargo may levy no more than 15 mills for purchasing, leasing, enlarging, altering, and repairing sites and buildings, in addition to the 20 mills authorized by N.D.C.C. § 57-15-16 for a school building fund.
2109	Bond Sinking and Interest	None	N.D.C.C. §§ 21-03-15; 57-15-14.4; 57-15-14.2(5)(b)	(x) Includes mills necessary to pay P&I on any bonded debt incurred under N.D.C.C. § 57-15-17.1 before July 1, 2013.
2110	Special Reserve Fund	3 Mills	N.D.C.C. §§ 57-19-01; 57-15-14.2(3)	(x) The fund balance may not exceed the amount produced by a levy of 15 mills.
2111	Miscellaneous Fund	12 mills	N.D.C.C. § 57-15-14.2(2)	(x)
2112	Safety Plan Fund	5 mills	N.D.C.C. §§ 15.1-09-60; 57-15-14.2(5); 57-15-15.1	(x) The school board of a school district may levy taxes for a school safety plan fund when approved by a majority of the qualified electors of a school district at any regular or special school district election. Approval or reauthorization by electors may not be effective more than five taxable years. N.D.C.C. § 57-15-15.1.

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
2/6/2025

Relating to legacy fund definitions, the legacy earnings fund, and estimated property tax and budget hearing notices; to provide an appropriation; to provide a transfer; to provide an effective date; to provide an expiration date; and to declare an emergency.

5:05 p.m. Chairman Headland opened the meeting.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives Anderson, Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman

Discussion Topics:

- Proposed Amendments
- Lost revenue
- Income tax

5:05 p.m. Representative Steiner moved to amend LC#25.1003.01009, testimony #36061.

5:07 p.m. Representative Toman seconded the motion.

Representatives	Vote
Representative Craig Headland	N
Representative Jared Hagert	N
Representative Dick Anderson	N
Representative Jason Dockter	N
Representative Ty Dressler	N
Representative Jim Grueneich	N
Representative Mike Motschenbacher	N
Representative Dennis Nehring	Y
Representative Jeremy Olson	N
Representative Todd Porter	N
Representative Vicky Steiner	Y
Representative Nathan Toman	N
Representative Austin Foss	N
Representative Zachary Ista	N

5:11 p.m. Motion failed 2-12-0.

5:11 p.m. Chairman Headland submitted proposed amendment testimony #36055.

5:25 p.m. Representative Porter moved to adopt amendment LC#25.1003.01004.

5:25 p.m. Representative Olson seconded the motion.

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Jason Dockter	Y
Representative Ty Dressler	Y
Representative Jim Grueneich	Y
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	Y
Representative Jeremy Olson	Y
Representative Todd Porter	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y
Representative Austin Foss	N
Representative Zachary Ista	N

5:29 p.m. Motion passed 12-2-0.

5:31 p.m. Vice Chairman Hagert moved further amend by changing amounts in section 9 page 8 lines 3-5.

5:31 p.m. Representative D. Anderson seconded the motion.

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Jason Dockter	Y
Representative Ty Dressler	Y
Representative Jim Grueneich	Y
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	Y
Representative Jeremy Olson	Y
Representative Todd Porter	N
Representative Vicky Steiner	Y
Representative Nathan Toman	N
Representative Austin Foss	Y
Representative Zachary Ista	Y

5:35 p.m. Motion passed 12-2-0.

5:35 p.m. Representative Porter moved a Do Pass as Amended and will be rereferred to Appropriations.

5:36 p.m. Representative J. Olson seconded the motion.

Representatives	**Vote**
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Jason Dockter	Y
Representative Ty Dressler	N
Representative Jim Grueneich	Y
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	N
Representative Jeremy Olson	Y
Representative Todd Porter	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y
Representative Austin Foss	Y
Representative Zachary Ista	Y

5:36 p.m. Motion passed 12-2-0.

5:36 p.m. Representative Hagert will carry the bill.

5:38 p.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

RS 2/6/25

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25.1003.01010
Title.02000

Adopted by the Finance and Taxation Committee

February 6, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1176

Introduced by

Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek, Vigesaa

Senators Bekkedahl, Hogue, Weber, Rummel

A BILL for an Act to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, ~~section~~sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, ~~and~~ sections 57-02-08.9, 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1, and subsection 1 of section 57-38-30.3 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, ~~and~~ the property tax statement, and income tax rates for individuals, estates, and trusts; to repeal sections 21-10-12~~,~~ and 21-10-13~~, and 57-15-02.2~~ of the North Dakota Century Code, relating to legacy fund definitions~~,~~ and the legacy earnings fund~~, and estimated property tax and budget hearing notices~~; to provide an appropriation; to provide a transfer; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-13~~5 of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

SECTION 2. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
   a. State bonding fund.
   b. Teachers' fund for retirement.
   c. State fire and tornado fund.
   d. Workforce safety and insurance fund.
   e. Public employees retirement system.
   f. Insurance regulatory trust fund.
   g. State risk management fund.
   h. Budget stabilization fund.
   i. Water projects stabilization fund.
   j. Health care trust fund.
   k. Cultural endowment fund.
   l. Petroleum tank release compensation fund.
   m. Legacy fund.
   n. ~~Legacy earnings fund.~~
   ~~o.~~ Opioid settlement fund.
   ~~p.~~o. A fund under contract with the board pursuant to subsection 3.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of ~~preliminary budget statement - Contents - How given~~public budget hearing date.

~~1.~~ On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:

~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

~~b.~~1. Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.

~~c.~~2. Provide notice of the public budget hearing date to the county auditor.

~~2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~

~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~

~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

SECTION 4. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

54-27-19.3. Legacy earnings highway distribution fund.

A legacy earnings highway distribution fund is created as a special fund in the state treasury into which must be deposited any allocations of legacy fund earnings made under section ~~21-10-13~~5 of this Act. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;

3. One and five-tenths percent must be transferred to the public transportation fund; and
4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to seven percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate funding in July of each odd-numbered year in the following order:
   a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.
   b. ~~The next two hundred twenty-five million dollars to the general fund to provide support for tax relief initiatives approved by the legislative assembly.~~
   ~~c.~~ The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.
   ~~d.~~c. The remaining amount to the legacy property tax relief fund under section ~~36~~ of this Act.

SECTION 6. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

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Legacy property tax relief fund -- Intent.

~~1.~~ There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section ~~2~~5 of this Act and all moneys transferred to the fund by the legislative assembly.

~~2. It is the intent of the legislative assembly that:~~

~~a. The primary residence credit under section 57-02-08.9 be increased each biennium to provide additional property tax relief using only increased funding available from the legacy earnings fund allocation under section 2 of this Act.~~

~~b. After the amount of the primary residence credit under section 57-02-08.9 exceeds two thousand dollars, future legislative assemblies use additional funding available from the legacy earnings fund allocation under section 2 of this Act in future biennial budgets to replace a portion or all of the funding transferred from the general fund or other sources to the legacy property tax relief fund for the primary residence credit.~~

~~3. It is further the intent of the legislative assembly that after providing the amount needed for the maximum property tax relief of all eligible taxpayers under the primary residence credit under section 57-02-08.9, future legislative assemblies use any excess funding available from the legacy earnings fund allocation under section 2 of this Act in future biennial budgets to replace a portion or all of the funding from the general fund, oil and gas tax revenues, or other sources for:~~

~~a. The state reimbursement of the homestead credit under section 57-02-08.1;~~

~~b. The state reimbursement of the disabled veterans' credit under section 57-02-08.8;~~

~~c. State-funded human services under chapter 50-35; and~~

~~d. The portion of state aid for payments to school districts under chapter 15.1-27 attributable to property tax relief.~~

SECTION 7. AMENDMENT. Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

57-02-01. Definitions.

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.

   a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:

      (1) The land is platted by the owner.

      (2) Public improvements, including sewer, water, or streets, are in place.

      (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.

      (4) Property is zoned other than agricultural.

      (5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.

      (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.

      (7) The property sells for more than four times the county average true and full agricultural value.

   b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.

2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.
3. "Assessed valuation" means fifty percent of the true and full value of property.
4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.
5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~11,~~10, 12, 13, and ~~12~~14.
6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.
7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.
8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.
9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.
10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.
11. "Person" includes a firm, corporation, or limited liability company.
~~11.~~12. "Primary residential property" means residential property certified as a primary residence under section ~~11~~14 of this Act.
13. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.

~~12.~~14. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.

~~13.~~15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.

~~14.~~16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.

~~15.~~17. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.

~~16.~~18. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.

~~17.~~19. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use, the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

SECTION 8. AMENDMENT. Subdivision c of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

c. The exemption must be determined according to the following schedule:

(1) If the person's income is not in excess of ~~forty~~fifty 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~~eleven thousand two hundred fifty~~ dollars of taxable valuation.

(2) If the person's income is in excess of ~~forty~~fifty thousand dollars and not in excess of ~~seventy~~eighty 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~~five thousand six hundred twenty-five~~ dollars of taxable valuation.

SECTION 9. AMENDMENT. Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

b. For the purpose of this subsection, twenty 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 expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of ~~four hundred~~six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

SECTION 10. 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~~year beginning after December 31, ~~2023~~2024)

1. ~~An individual~~A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the ~~individual's~~taxpayer's primary residence as provided in this section. The credit ~~may~~:

   a. Is limited to ~~one thousand five hundred fifty dollars~~one thousand four hundred fifty dollars.

b. ~~May not reduce the property tax due on voter-approved levies.~~

~~c.~~ May not reduce the liability for special assessments levied upon any property.

~~d.~~c. May not exceed the amount of property tax due against the primary residence. ~~The credit must~~

~~e.~~d. 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. For purposes of this section~~, "primary~~:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state ~~owned and occupied by an individual as that individual's primary place of residence and includes residences taxed under chapter 57-55~~, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.

(2) For purposes of the definition of "primary residence" under this subdivision:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

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

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

5. An individual whose primary residence is a farm structure exempt from taxation under subsection 15 of section 57-02-08 is not eligible for a credit under this section.
6. The credit may not reduce the liability for special assessments levied upon any property.
7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner~~, by April first of each year,~~ an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the ~~claim~~application on a form and in the manner prescribed by the tax commissioner. The application must be filed:
   a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.
   b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.
8. 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.

~~**SECTION 8. 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 taxable year beginning after December 31, 2024)**~~

~~1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residenceresidential property as provided in this section. The credit:~~
   ~~a. Is limited to one thousand five hundred fifty dollars.~~
   ~~b. May not reduce the property tax due on voter-approved levies.~~
   ~~c. May not reduce the liability for special assessments levied upon any property.~~
   ~~d. May not exceed the amount of property tax due against the parcel of primary residenceresidential property.~~
   ~~e. Must be applied to reduce the property tax owed on the taxpayer'sparcel of primary residenceresidential property after other exemptions or credits under this chapter have been applied.~~
~~2. For purposes of this section:~~

~~a. "Owned" means the 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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to~~

~~identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residenceresidential property. If a credit under this section is applied against the property tax due on a parcel of primary residenceresidential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.~~

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

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~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. ~~The~~ The tax commissioner, ~~in consultation with the county auditors,~~ shall ~~prescribe,~~ design, and make available all forms necessary to effectuate this section. ~~The~~ The tax commissioner shall make ~~these~~ forms available upon request.

SECTION 11. 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 taxable year beginning after December 31, 2024)~~

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary ~~residence~~residential property as provided in this section. The credit:
   a. Is limited to one thousand four hundred fifty dollars.
   b. May not reduce the liability for special assessments levied upon any property.
   c. May not exceed the amount of property tax due against the parcel of primary ~~residence~~residential property.
   d. Must be applied to reduce the property tax owed on the taxpayer's parcel of primary ~~residence~~residential property after other exemptions or credits under this chapter have been applied.

2. ~~For purposes of this section:~~
   ~~a. "Owned" means the 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.~~
   ~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that is:~~
      ~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

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~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4.~~ Only one credit under this section may be applied against the property taxes levied against any parcel of primary ~~residence~~residential property. If a credit under this section is applied against the property tax due on a parcel of primary ~~residence~~residential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. 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.~~

SECTION 12. 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, 2026~~May 31, 2026)

1. By ~~June first of each year~~June 1, 2025, the tax commissioner shall:
   a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.
   b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and
   ~~b.~~c. Provide to each county auditor:
      (1) A copy of each approved application under subdivision ~~a~~b which identifies a primary residence located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.
2. By November 1, 2025, the tax commissioner shall:
   a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and
   b. Provide to each county auditor:
      (1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.
3. a. For taxable year 2025:
      (1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the

tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.

b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.

~~3.~~4. By ~~January first of each year~~January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 1~~subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~against property taxes owed on primary residences in the county ~~for the preceding year~~as provided in subsection 3.

~~4.~~5. By ~~June first of each year after 2024~~May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~allowed under section 57-02-08.9 in each county for the preceding year~~applied against property taxes owed on primary residences in the county as provided in subsection 3.

~~5.~~6. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.~~7. 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 corrections necessary because of errors.

~~7.~~8. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.~~9. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 13. 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 May 31, 2026)~~

1. ~~By June 1, 2025, the tax commissioner shall:~~

   ~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~

   ~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~

   ~~c. Provide to each county auditor:~~

      ~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

~~2. By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3. a. For taxable year 2025:~~

~~(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.~~

~~(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~

b. ~~For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each ~~primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

~~4.~~2. By January ~~15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits ~~approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which~~that were applied against property taxes owed on primary residences in the county ~~as provided in subsection 3~~for:

a. The preceding taxable year for primary residential property taxed as real estate under this title.

b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

~~5.~~3. By May ~~31, 2026~~thirty-first of each year, the tax commissioner shall ~~review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and~~ certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection ~~3~~2.

~~6.~~4. Within fourteen days of receiving the payment from the state treasurer, ~~but no later than June thirtieth of each year,~~ the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~7.~~5. 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 corrections necessary because of errors.

~~8.~~6. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~9.~~7. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 14. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence certification - Eligibility for primary residential property classification - Application.

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.
   a. An application for primary residence certification must be filed by February first of each year to request a primary residence certification for:
      (1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.
      (2) 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.
   b. As soon as practicable after receiving the applications, no later than February twenty-eighth of each year, the tax commissioner shall:
      (1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b, no later than March fifteenth of each year, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.

d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.

e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.

4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.

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

6. For purposes of this section:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and,

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subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the ~~exemption~~certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

SECTION 15. AMENDMENT. Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.

1. All property subject to taxation based on the value thereof must be valued as follows:

~~1.~~ a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both~~primary residential, nonprimary~~ residential~~,~~ and nonresidential purposes, the valuation must be prorated accordingly.

~~2.~~ b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.

~~3.~~ c. All commercial property to be valued at ten percent of assessed value.

~~4.~~ d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

2. The ~~resulting~~ amounts ~~must be known as~~resulting from the calculation under subsection 1 are the taxable valuation.

3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the

value of crops growing upon cultivated lands. In valuing any real property upon which there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

SECTION 16. AMENDMENT. Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27.1. Property to be valued at true and full value.

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as provided in ~~subsection 15 of~~ section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.
2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

SECTION 17. AMENDMENT. Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

57-02-53. Assessment ~~increase~~ ~~and budget hearing~~ notice to property owner.

1. ~~a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~ ~~On or before March first of each year the governing body of a taxing district shall provide to the assessor in each township, city, or county in which the taxing district has~~

~~taxable property the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.~~

~~2.~~ An assessor shall deliver written notice of the ~~amount of increase and the:~~

~~a. The~~ amount of the ~~previous~~true and full value of each parcel of taxable property for the current ~~year's assessment to the property owner at the expense of the assessment district for which the assessor is employed~~of each parcel of taxable property, including improvements, which has been assessed by the assessor~~and~~ previous year, including improvements, which have been assessed by the assessor.

~~b. The date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh.~~

~~3.~~2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the~~

~~state board of equalization, if the state board of equalization ordered the assessment increase.~~

~~c.~~4.~~3.~~ The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show the~~contain:

a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year and for the previous year ~~and must also show the~~.

b. The date ~~prescribed by law~~, time, and location for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date, time, and location of the county board of equalization~~.~~

~~c. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel of taxable property is located and the location at which the taxing district's budget will be available for review.~~

~~d. A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy at the public budget hearing of each taxing district~~.

~~d.~~5.~~4.~~ Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.

~~2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.~~

~~6. If a parcel of taxable property is owned by more than one owner, notice may be sent to only one owner of the property. Failure of an owner to receive a notice under this section does not relieve the owner of property tax liability or modify the qualifying date~~

~~under section 57-20-09 for which an owner may receive a discount for early payment of tax.~~

SECTION 18. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board ~~- Limitation on increase - Notice~~.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 19. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board ~~- Limitation on increase - Notice~~.

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform~~, except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it~~. All complaints and grievances of residents of the city must be heard and

decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 20. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~- Limitation on increase - Notice~~.

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~
2. Notwithstanding any other provision of this section:
   a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.
   b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local

board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 21. AMENDMENT. Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property ~~a preliminary budget statement and~~ the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under

this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.

2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:

   a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located~~, which anticipate levying in excess of one hundred thousand dollars in the current year,~~ and the location at which the taxing district's budget is available for review; and

   b. ~~The true and full value of the property based on the best information available;~~

   ~~c. A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;~~

   ~~d. A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~

   ~~e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~

   ~~f.~~ A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy~~; and~~

   ~~g. The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year~~.

3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice

must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year~~.

SECTION 22. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Limitation on levies by taxing districts without voter approval.

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year levy increased by the allowable percentpercentage limit.

   b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.

2. The limitation under subsection 1 does not apply to:

   a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:

      (1) A change in state law.

(2) Approval by the electors of the taxing district.

b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.

c. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.

f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in special assessment and improvement district funds and revenue bond and reserve funds.

g. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

h. Taxes levied under sections 40-24-10, 40-43-01, ~~and~~57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.

i. Taxes levied, up to eighteen mills, under section 57-15-20.

3. A majority of the qualified electors in a taxing district~~,~~ at a ~~regular or special~~statewide primary or general election, or sixty percent of the qualified electors in a taxing district at a special election of the taxing district, may approve a property tax levy exceeding the limitation under subsection 1 for only ~~one~~two taxable ~~year~~years. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1.

4. A majority of the qualified electors in a city or county at a statewide primary or general election may elect for the city or county to be excluded from the limitation under this section for a period of ten taxable years at a time.

5. For taxable year 2025, a city may levy an amount equal to the amount levied in dollars in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy

under section 57-15-08 without including the dollars levied for this purpose as part of the limitation under subsection 1.

6. A city or county may not supersede or modify the application of this section under home rule authority.

~~5.~~7. For purposes of this section:

a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:

(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.

(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.

b. "Allowable percentage limit" means three percent.

c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.

d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The allowable percentage limit; and

(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.

e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

SECTION 23. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must:

   a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.

   b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:

      (1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.

      (2) The amount of property tax levied as a result of voter-approved levy authority, which must be separately stated for each taxing district that levied property tax as a result of voter-approved levy authority.

   c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

(a) ~~Fifty mills~~The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; ~~or~~and

(b) The 2012 taxable year mill rate of the school district ~~minus~~excluding sixty mills.

(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

(1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

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(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section ~~2~~5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 24. AMENDMENT. Subsection 1 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through d corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision e must be used for purposes of this subsection.

a. Single, other than head of household or surviving spouse.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$44,725~~	~~$0.00 + 0.00%~~	~~$0~~
~~$44,725~~	~~$225,975~~	~~$0.00 + 1.95%~~	~~$44,725~~
~~$225,975~~		~~$3,534.38 + 2.50%~~	~~$225,975~~
$0	$53,825	$0.00 + 0.00%	$0

$53,825	$244,825	$0.00 + 1.95%	$53,825
$244,825		$3,724.50 + 2.50%	$244,825

b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$74,750~~	~~$0.00 + 0.00%~~	~~$0~~
~~$74,750~~	~~$275,100~~	~~$0.00 + 1.95%~~	~~$74,750~~
~~$275,100~~		~~$3,906.83 + 2.50%~~	~~$275,100~~
$0	$89,925	$0.00 + 0.00%	$0
$89,925	$298,075	$0.00 + 1.95%	$89,925
$298,075		$4,058.93 + 2.50%	$298,075

c. Married filing separately.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$37,375~~	~~$0.00 + 0.00%~~	~~$0~~
~~$37,375~~	~~$137,550~~	~~$0.00 + 1.95%~~	~~$37,375~~
~~$137,550~~		~~$1,953.41 + 2.50%~~	~~$137,550~~
$0	$44,950	$0.00 + 0.00%	$0
$44,950	$149,025	$0.00 + 1.95%	$44,950
$149,025		$2,029.46 + 2.50%	$149,025

d. Head of household.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$59,950~~	~~$0.00 + 0.00%~~	~~$0~~
~~$59,950~~	~~$250,550~~	~~$0.00 + 1.95%~~	~~$59,950~~
~~$250,550~~		~~$3,716.70 + 2.50%~~	~~$250,550~~
$0	$72,125	$0.00 + 0.00%	$0
$72,125	$271,450	$0.00 + 1.95%	$72,125
$271,450		$3,886.84 + 2.50%	$271,450

e. Estates and trusts.

If North Dakota taxable income is:

	Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$3,000~~	~~$0.00 + 0.00%~~	~~$0~~
~~$3,000~~	~~$10,750~~	~~$0.00 + 1.95%~~	~~$3,000~~
~~$10,750~~		~~$151.13 + 2.50%~~	~~$10,750~~
$0	$3,600	$0.00 + 0.00%	$0
$3,600	$11,650	$0.00 + 1.95%	$3,600
$11,650		$156.98 + 2.50%	$11,650

f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

(1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and

(2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.

In the case of married individuals filing a joint return, if one spouse is a resident of this state for the entire year and the other spouse is a nonresident for part or all of the tax year, the tax on the joint return must be computed under this subdivision.

g. The tax commissioner shall prescribe new rate schedules that apply in lieu of the schedules set forth in subdivisions a through e. The new schedules must be determined by increasing the minimum and maximum dollar amounts for each income bracket for which a tax is imposed by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable to each income bracket may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes.

h. The tax commissioner shall prescribe an optional simplified method of computing tax under this section that may be used by an individual taxpayer who is not

entitled to claim an adjustment under subsection 2 or credit against income tax liability under subsection 7.

SECTION 25. REPEAL. Sections 21-10-12~~,~~ and 21-10-13~~, and 57-15-02.2~~ of the North Dakota Century Code are repealed.

SECTION 26. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY PROPERTY TAX RELIEF FUND - INFORMATION ON PROPERTY TAX STATEMENTS - TAX COMMISSIONER.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of ~~$310,001,793~~$74,601,793, which the office of management and budget shall transfer to the legacy property tax relief fund, during the biennium beginning July 1, 2025, and ending June 30, 2027. For legislative council budget status reporting purposes, the transfer under this subsection is considered an ongoing funding item.
2. There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of ~~$483,400,000~~$473,000,000, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit for the biennium beginning July 1, 2025, and ending June 30, 2027. Of the ~~$483,400,000~~$473,000,000, ~~$310,001,793~~$74,601,793 is from the general fund pursuant to subsection 1, and ~~$173,398,207~~$398,398,207 is from the legacy earnings fund ~~pursuant to section 2 of this Act~~.
3. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is ~~35.87~~84.23 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

SECTION 27. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,450,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of the state reimbursement of the homestead tax credit, for the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 28. EFFECTIVE DATE.

1. Sections ~~5, 6, 7,~~8, 9, 10, 22, and ~~18~~24 of this Act are effective for taxable years beginning after December 31, 2024.
2. Sections ~~4~~7, ~~8~~11, ~~11, 12,~~ 14, 15, and ~~13~~16 of this Act are effective for taxable years beginning after December 31, 2025.
3. Section ~~9~~12 of this Act becomes effective on June 1, 2025.
4. Section ~~10~~13 of this Act becomes effective on June 1, 2026.

SECTION 29. EMERGENCY. Sections ~~7~~10 and ~~9~~12 of this Act are declared to be an emergency measure.

REPORT OF STANDING COMMITTEE
HB 1176

Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS (25.1003.01010)** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1176 was placed on the Sixth order on the calendar.

25.1003.01004
Title.

Prepared by the Legislative Council staff for Representative Headland
February 5, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1176

Introduced by

Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek, Vigesaa

Senators Bekkedahl, Hogue, Weber, Rummel

A BILL for an Act to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, ~~section~~sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, ~~and~~ sections 57-02-08.9, 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1, and subsection 1 of section 57-38-30.3 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, ~~and~~ the property tax statement, and income tax rates for individuals, estates, and trusts; to repeal sections 21-10-12~~,~~ and 21-10-13~~, and 57-15-02.2~~ of the North Dakota Century Code, relating to legacy fund definitions~~,~~ and the legacy earnings fund~~, and estimated property tax and budget hearing notices~~; to provide an appropriation; to provide a transfer; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-13~~5 of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

SECTION 2. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
   a. State bonding fund.
   b. Teachers' fund for retirement.
   c. State fire and tornado fund.
   d. Workforce safety and insurance fund.
   e. Public employees retirement system.
   f. Insurance regulatory trust fund.
   g. State risk management fund.
   h. Budget stabilization fund.
   i. Water projects stabilization fund.
   j. Health care trust fund.
   k. Cultural endowment fund.
   l. Petroleum tank release compensation fund.
   m. Legacy fund.
   n. ~~Legacy earnings fund.~~
   ~~o.~~ Opioid settlement fund.
   ~~p.~~o. A fund under contract with the board pursuant to subsection 3.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of ~~preliminary budget statement - Contents - How given~~public budget hearing date.

~~1.~~ On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:

~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

~~b.~~1. Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.

~~c.~~2. Provide notice of the public budget hearing date to the county auditor.

~~2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~

~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~

~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

SECTION 4. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

54-27-19.3. Legacy earnings highway distribution fund.

A legacy earnings highway distribution fund is created as a special fund in the state treasury into which must be deposited any allocations of legacy fund earnings made under section ~~21-10-13~~5 of this Act. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;

3. One and five-tenths percent must be transferred to the public transportation fund; and

4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to seven percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.

2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate funding in July of each odd-numbered year in the following order:

   a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.

   b. ~~The next two hundred twenty-five million dollars to the general fund to provide support for tax relief initiatives approved by the legislative assembly.~~

   ~~c.~~ The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.

   ~~d.~~c. The remaining amount to the legacy property tax relief fund under section ~~3~~6 of this Act.

SECTION 6. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy property tax relief fund ~~- Intent~~.

~~1.~~ There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section ~~2~~5 of this Act and all moneys transferred to the fund by the legislative assembly.

~~2. It is the intent of the legislative assembly that:~~

~~a. The primary residence credit under section 57-02-08.9 be increased each biennium to provide additional property tax relief using only increased funding available from the legacy earnings fund allocation under section 2 of this Act.~~

~~b. After the amount of the primary residence credit under section 57-02-08.9 exceeds two thousand dollars, future legislative assemblies use additional funding available from the legacy earnings fund allocation under section 2 of this Act in future biennial budgets to replace a portion or all of the funding transferred from the general fund or other sources to the legacy property tax relief fund for the primary residence credit.~~

~~3. It is further the intent of the legislative assembly that after providing the amount needed for the maximum property tax relief of all eligible taxpayers under the primary residence credit under section 57-02-08.9, future legislative assemblies use any excess funding available from the legacy earnings fund allocation under section 2 of this Act in future biennial budgets to replace a portion or all of the funding from the general fund, oil and gas tax revenues, or other sources for:~~

~~a. The state reimbursement of the homestead credit under section 57-02-08.1;~~

~~b. The state reimbursement of the disabled veterans' credit under section 57-02-08.8;~~

~~c. State-funded human services under chapter 50-35; and~~

~~d. The portion of state aid for payments to school districts under chapter 15.1-27 attributable to property tax relief.~~

SECTION 7. AMENDMENT. Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

57-02-01. Definitions.

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.
   a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
      (1) The land is platted by the owner.
      (2) Public improvements, including sewer, water, or streets, are in place.
      (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.
      (4) Property is zoned other than agricultural.
      (5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
      (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.
      (7) The property sells for more than four times the county average true and full agricultural value.
   b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.

2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.
3. "Assessed valuation" means fifty percent of the true and full value of property.
4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.
5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~11,~~10, 12, 13 and ~~12~~14.
6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.
7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.
8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.
9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.
10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.
11. "Person" includes a firm, corporation, or limited liability company.
~~11.~~12. "Primary residential property" means residential property certified as a primary residence under section ~~11~~14 of this Act.
13. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.

~~12.~~14. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.

~~13.~~15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.

~~14.~~16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.

~~15.~~17. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.

~~16.~~18. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.

~~17.~~19. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use, the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

SECTION 8. AMENDMENT. Subdivision c of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

c. The exemption must be determined according to the following schedule:

(1) If the person's income is not in excess of ~~forty~~fifty 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~~eleven thousand two hundred fifty dollars of taxable valuation.

(2) If the person's income is in excess of ~~forty~~fifty thousand dollars and not in excess of ~~seventy~~eighty 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~~five thousand six hundred twenty-five dollars of taxable valuation.

SECTION 9. AMENDMENT. Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

b. For the purpose of this subsection, twenty 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 expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of ~~four hundred~~six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

SECTION 10. 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~~year beginning after December 31, ~~2023~~2024)

1. ~~An individual~~A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the ~~individual's~~taxpayer's primary residence as provided in this section. The credit ~~may~~:

   a. Is limited to ~~one thousand five hundred fifty dollars~~one thousand four hundred fifty dollars.

b. ~~May not reduce the property tax due on voter-approved levies.~~

~~c.~~ May not reduce the liability for special assessments levied upon any property.

~~d.~~c. May not exceed the amount of property tax due against the primary residence. ~~The credit must~~

~~e.~~d. 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. For purposes of this section~~, "primary~~:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state ~~owned and occupied by an individual as that individual's primary place of residence and includes residences taxed under chapter 57-55~~, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.

(2) For purposes of the definition of "primary residence" under this subdivision:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

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

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

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

   a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.

   b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.

8. 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.

~~**SECTION 8. 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 taxable year beginning after December 31, 2024)**~~

~~1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residence~~residential property~~ as provided in this section. The credit:~~

~~a. Is limited to one thousand five hundred fifty dollars.~~

~~b. May not reduce the property tax due on voter-approved levies.~~

~~c. May not reduce the liability for special assessments levied upon any property.~~

~~d. May not exceed the amount of property tax due against the parcel of primary residence~~residential property~~.~~

~~e. Must be applied to reduce the property tax owed on the taxpayer's~~parcel of primary residence~~residential property after other exemptions or credits under this chapter have been applied.~~

~~2. For purposes of this section:~~

~~a. "Owned" means the 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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to~~

identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

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

4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residenceresidential property. If a credit under this section is applied against the property tax due on a parcel of primary residenceresidential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. ~~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.~~

SECTION 11. 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 taxable year beginning after December 31, 2024)~~

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary ~~residence~~residential property as provided in this section. The credit:
   a. Is limited to one thousand four hundred fifty dollars.
   b. May not reduce the liability for special assessments levied upon any property.
   c. May not exceed the amount of property tax due against the parcel of primary ~~residence~~residential property.
   d. Must be applied to reduce the property tax owed on the taxpayer's parcel of primary ~~residence~~residential property after other exemptions or credits under this chapter have been applied.

2. ~~For purposes of this section:~~

~~a. "Owned" means the 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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4.~~ Only one credit under this section may be applied against the property taxes levied against any parcel of primary ~~residence~~residential property. If a credit under this section is applied against the property tax due on a parcel of primary ~~residence~~residential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. 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.~~

SECTION 12. 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, 2026~~May 31, 2026)

1. By ~~June first of each year~~June 1, 2025, the tax commissioner shall:
   a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.
   b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and
   ~~b.~~c. Provide to each county auditor:
      (1) A copy of each approved application under subdivision ~~a~~b which identifies a primary residence located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.
2. By November 1, 2025, the tax commissioner shall:
   a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and
   b. Provide to each county auditor:
      (1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.
3. a. For taxable year 2025:
      (1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the

tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.

b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.

~~3.~~4. By ~~January first of each year~~January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 1~~subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~against property taxes owed on primary residences in the county ~~for the preceding year~~as provided in subsection 3.

~~4.~~5. By ~~June first of each year after 2024~~May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~allowed under section 57-02-08.9 in each county for the preceding year~~applied against property taxes owed on primary residences in the county as provided in subsection 3.

~~5.~~6. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.~~7. 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 corrections necessary because of errors.

~~7.~~8. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.~~9. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 13. 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 May 31, 2026)~~

1. ~~By June 1, 2025, the tax commissioner shall:~~
   ~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~
   ~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~
   ~~c. Provide to each county auditor:~~
      ~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

~~2. By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3. a. For taxable year 2025:~~

~~(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.~~

~~(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~

b. ~~For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each ~~primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

~~4.~~2. By January ~~15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits ~~approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which~~that were applied against property taxes owed on primary residences in the county ~~as provided in subsection 3~~for:

a. The preceding taxable year for primary residential property taxed as real estate under this title.

b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

~~5.~~3. By May ~~31, 2026~~thirty-first of each year, the tax commissioner shall ~~review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and~~ certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection ~~3~~2.

~~6.~~4. Within fourteen days of receiving the payment from the state treasurer, ~~but no later than June thirtieth of each year,~~ the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~7.~~5. 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 corrections necessary because of errors.

~~8.~~6. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~9.~~7. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 14. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence certification - Eligibility for primary residential property classification - Application.

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.
   a. An application for primary residence certification must be filed by February first of each year to request a primary residence certification for:
      (1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.
      (2) 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.
   b. As soon as practicable after receiving the applications, no later than February twenty-eighth of each year, the tax commissioner shall:
      (1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b, no later than March fifteenth of each year, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.

d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.

e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.

4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.

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

6. For purposes of this section:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and,

subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the ~~exemption~~certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

SECTION 15. AMENDMENT. Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.

1. All property subject to taxation based on the value thereof must be valued as follows:

~~1.~~ a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both~~primary residential, nonprimary~~ residential~~,~~ and nonresidential purposes, the valuation must be prorated accordingly.

~~2.~~ b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.

~~3.~~ c. All commercial property to be valued at ten percent of assessed value.

~~4.~~ d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

2. The ~~resulting~~ amounts ~~must be known as~~resulting from the calculation under subsection 1 are the taxable valuation.

3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the

value of crops growing upon cultivated lands. In valuing any real property upon which there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

SECTION 16. AMENDMENT. Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27.1. Property to be valued at true and full value.

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as provided in ~~subsection 15 of~~ section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.
2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

SECTION 17. AMENDMENT. Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

57-02-53. Assessment ~~increase~~ ~~and budget hearing~~ notice to property owner.

1. ~~a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~ ~~On or before March first of each year the governing body of a taxing district shall provide to the assessor in each township, city, or county in which the taxing district has~~

~~taxable property the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.~~

~~2.~~ An assessor shall deliver written notice of the ~~amount of increase and the:~~

~~a. The~~ amount of the ~~previous~~true and full value of each parcel of taxable property for the current ~~year's assessment to the property owner at the expense of the assessment district for which the assessor is employed~~of each parcel of taxable property, including improvements, which has been assessed by the assessorand previous year, including improvements, which have been assessed by the assessor.

~~b. The date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh.~~

~~3.~~2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the~~

~~state board of equalization, if the state board of equalization ordered the assessment increase.~~

~~c.~~4.3. The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show the~~contain:

a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year and for the previous year ~~and must also show the~~.

b. The date ~~prescribed by law~~, time, and location for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date, time, and location of the county board of equalization~~.~~

~~c. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel of taxable property is located and the location at which the taxing district's budget will be available for review.~~

~~d. A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy at the public budget hearing of each taxing district~~.

~~d.~~5.4. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.

~~2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.~~

~~6. If a parcel of taxable property is owned by more than one owner, notice may be sent to only one owner of the property. Failure of an owner to receive a notice under this section does not relieve the owner of property tax liability or modify the qualifying date~~

~~under section 57-20-09 for which an owner may receive a discount for early payment of tax.~~

SECTION 18. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board ~~- Limitation on increase - Notice~~.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 19. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board ~~- Limitation on increase - Notice~~.

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform~~, except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it~~. All complaints and grievances of residents of the city must be heard and

decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 20. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~- Limitation on increase - Notice~~.

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~
2. Notwithstanding any other provision of this section:
   a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.
   b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local

board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 21. AMENDMENT. Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property ~~a preliminary budget statement and~~ the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under

this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.

2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:

   a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located~~, which anticipate levying in excess of one hundred thousand dollars in the current year,~~ and the location at which the taxing district's budget is available for review; and

   b. ~~The true and full value of the property based on the best information available;~~

   ~~c. A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;~~

   ~~d. A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~

   ~~e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~

   ~~f.~~ A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy~~; and~~

   ~~g. The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year~~.

3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice

must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year~~.

SECTION 22. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Limitation on levies by taxing districts without voter approval.

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable ~~percent~~percentage limit.

   b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.

2. The limitation under subsection 1 does not apply to:

   a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:

      (1) A change in state law.

(2) Approval by the electors of the taxing district.

b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.

c. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.

f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in special assessment and improvement district funds and revenue bond and reserve funds.

g. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

h. Taxes levied under sections 40-24-10, 40-43-01, ~~and~~57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.

i. Taxes levied, up to eighteen mills, under section 57-15-20.

3. A majority of the qualified electors in a taxing district~~,~~ at a ~~regular or special~~statewide primary or general election, or sixty percent of the qualified electors in a taxing district at a special election of the taxing district, may approve a property tax levy exceeding the limitation under subsection 1 for only ~~one~~two taxable ~~year~~years. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1.

4. A majority of the qualified electors in a city or county at a statewide primary or general election may elect for the city or county to be excluded from the limitation under this section for a period of ten taxable years at a time.

5. For taxable year 2025, a city may levy an amount equal to the amount levied in dollars in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy

under section 57-15-08 without including the dollars levied for this purpose as part of the limitation under subsection 1.

6. A city or county may not supersede or modify the application of this section under home rule authority.

~~5.~~7. For purposes of this section:

a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:

(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.

(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.

b. "Allowable percentage limit" means three percent.

c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.

d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The allowable percentage limit; and

(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.

e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

SECTION 23. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must:
   a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.
   b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:
      (1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.
      (2) The amount of property tax levied as a result of voter-approved levy authority, which must be separately stated for each taxing district that levied property tax as a result of voter-approved levy authority.
   c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

(a) ~~Fifty mills~~The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; ~~or~~and

(b) The 2012 taxable year mill rate of the school district ~~minus~~excluding sixty mills.

(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

(1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section ~~2~~5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 24. AMENDMENT. Subsection 1 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through d corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision e must be used for purposes of this subsection.

a. Single, other than head of household or surviving spouse.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$44,725~~	~~$0.00 + 0.00%~~	~~$0~~
~~$44,725~~	~~$225,975~~	~~$0.00 + 1.95%~~	~~$44,725~~
~~$225,975~~		~~$3,534.38 + 2.50%~~	~~$225,975~~
$0	$53,825	$0.00 + 0.00%	$0

$53,825	$244,825	$0.00 + 1.95%	$53,825
$244,825		$3,724.50 + 2.50%	$244,825

b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$74,750~~	~~$0.00 + 0.00%~~	~~$0~~
~~$74,750~~	~~$275,100~~	~~$0.00 + 1.95%~~	~~$74,750~~
~~$275,100~~		~~$3,906.83 + 2.50%~~	~~$275,100~~
$0	$89,925	$0.00 + 0.00%	$0
$89,925	$298,075	$0.00 + 1.95%	$89,925
$298,075		$4,058.93 + 2.50%	$298,075

c. Married filing separately.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$37,375~~	~~$0.00 + 0.00%~~	~~$0~~
~~$37,375~~	~~$137,550~~	~~$0.00 + 1.95%~~	~~$37,375~~
~~$137,550~~		~~$1,953.41 + 2.50%~~	~~$137,550~~
$0	$44,950	$0.00 + 0.00%	$0
$44,950	$149,025	$0.00 + 1.95%	$44,950
$149,025		$2,029.46 + 2.50%	$149,025

d. Head of household.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$59,950~~	~~$0.00 + 0.00%~~	~~$0~~
~~$59,950~~	~~$250,550~~	~~$0.00 + 1.95%~~	~~$59,950~~
~~$250,550~~		~~$3,716.70 + 2.50%~~	~~$250,550~~
$0	$72,125	$0.00 + 0.00%	$0
$72,125	$271,450	$0.00 + 1.95%	$72,125
$271,450		$3,886.84 + 2.50%	$271,450

e. Estates and trusts.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$3,000~~	~~$0.00 + 0.00%~~	~~$0~~
~~$3,000~~	~~$10,750~~	~~$0.00 + 1.95%~~	~~$3,000~~
~~$10,750~~		~~$151.13 + 2.50%~~	~~$10,750~~
$0	$3,600	$0.00 + 0.00%	$0
$3,600	$11,650	$0.00 + 1.95%	$3,600
$11,650		$156.98 + 2.50%	$11,650

f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

(1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and

(2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.

In the case of married individuals filing a joint return, if one spouse is a resident of this state for the entire year and the other spouse is a nonresident for part or all of the tax year, the tax on the joint return must be computed under this subdivision.

g. The tax commissioner shall prescribe new rate schedules that apply in lieu of the schedules set forth in subdivisions a through e. The new schedules must be determined by increasing the minimum and maximum dollar amounts for each income bracket for which a tax is imposed by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable to each income bracket may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes.

h. The tax commissioner shall prescribe an optional simplified method of computing tax under this section that may be used by an individual taxpayer who is not

entitled to claim an adjustment under subsection 2 or credit against income tax liability under subsection 7.

SECTION 25. REPEAL. Sections 21-10-12~~,~~ and 21-10-13~~, and 57-15-02.2~~ of the North Dakota Century Code are repealed.

SECTION 26. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY PROPERTY TAX RELIEF FUND - INFORMATION ON PROPERTY TAX STATEMENTS - TAX COMMISSIONER.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of ~~$310,001,793~~$74,601,793, which the office of management and budget shall transfer to the legacy property tax relief fund, during the biennium beginning July 1, 2025, and ending June 30, 2027. For legislative council budget status reporting purposes, the transfer under this subsection is considered an ongoing funding item.
2. There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of ~~$483,400,000~~$473,000,000, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit for the biennium beginning July 1, 2025, and ending June 30, 2027. Of the ~~$483,400,000~~$473,000,000, ~~$310,001,793~~$74,601,793 is from the general fund pursuant to subsection 1, and ~~$173,398,207~~$398,398,207 is from the legacy earnings fund ~~pursuant to section 2 of this Act~~.
3. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is ~~35.87~~84.23 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

SECTION 27. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,450,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of the state reimbursement of the homestead tax credit, for the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 28. EFFECTIVE DATE.

1. Sections ~~5, 6, 7,~~8, 9, 10, 22, and ~~18~~24 of this Act are effective for taxable years beginning after December 31, 2024.
2. Sections ~~4~~7, ~~8~~11, ~~11, 12,~~ 14, 15 and ~~13~~16 of this Act are effective for taxable years beginning after December 31, 2025.
3. Section ~~9~~12 of this Act becomes effective on June 1, 2025.
4. Section ~~10~~13 of this Act becomes effective on June 1, 2026.

SECTION 29. EMERGENCY. Sections ~~7~~10 and ~~9~~12 of this Act are declared to be an emergency measure.

> Steiner

25.1003.01009
Title.

Prepared by the Legislative Council staff for Representative Steiner
February 5, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

60% Homestead

HOUSE BILL NO. 1176

12-2

Introduced by

Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek, Vigesaa

Senators Bekkedahl, Hogue, Weber, Rummel

A BILL for an Act to create and enact two new sections to chapter 54-27~~, a new section to chapter 57-02,~~ and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund~~, a primary residence certification~~, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, section ~~57-02-01~~54-27-19.3, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, and sections 57-02-08.9, 57-02-08.10, ~~57-02-27, 57-02-27.1,~~ 57-02-53, 57-09-04, 57-11-03, 57-12-06, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, ~~property tax definitions,~~ the homestead tax credit and renters refund, the primary residence credit, ~~property classifications,~~ notices to property owners, and the property tax statement; to repeal sections 21-10-12, 21-10-13, and 57-15-02.2 of the North Dakota Century Code, relating to legacy fund definitions, the legacy earnings fund, and estimated property tax and budget hearing notices; to provide an appropriation; to provide a transfer; to provide an effective date~~; to provide an expiration date;~~ and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-134~~ of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

SECTION 2. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
   a. State bonding fund.
   b. Teachers' fund for retirement.
   c. State fire and tornado fund.
   d. Workforce safety and insurance fund.
   e. Public employees retirement system.
   f. Insurance regulatory trust fund.
   g. State risk management fund.
   h. Budget stabilization fund.
   i. Water projects stabilization fund.
   j. Health care trust fund.
   k. Cultural endowment fund.
   l. Petroleum tank release compensation fund.
   m. Legacy fund.
   n. ~~Legacy earnings fund.~~
   ~~o.~~ Opioid settlement fund.
   ~~p.~~o. A fund under contract with the board pursuant to subsection 3.

SECTION 3. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

54-27-19.3. Legacy earnings highway distribution fund.

A legacy earnings highway distribution fund is created as a special fund in the state treasury into which must be deposited any allocations of legacy fund earnings made under section ~~21-10-13~~4 of this Act. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;
3. One and five-tenths percent must be transferred to the public transportation fund; and
4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 4. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to seven percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate funding in July of each odd-numbered year in the following order:
   a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.

b. The next two hundred twenty-five million dollars to the general fund to provide support for tax relief initiatives approved by the legislative assembly.

c. The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.

d. The remaining amount to the legacy property tax relief fund under section ~~35~~ of this Act.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy property tax relief fund - ~~Intent.~~

~~1.~~ There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section ~~24~~ of this Act and all moneys transferred to the fund by the legislative assembly.

~~2. It is the intent of the legislative assembly that:~~

~~a. The primary residence credit under section 57-02-08.9 be increased each biennium to provide additional property tax relief using only increased funding available from the legacy earnings fund allocation under section 2 of this Act.~~

~~b. After the amount of the primary residence credit under section 57-02-08.9 exceeds two thousand dollars, future legislative assemblies use additional funding available from the legacy earnings fund allocation under section 2 of this Act in future biennial budgets to replace a portion or all of the funding transferred from the general fund or other sources to the legacy property tax relief fund for the primary residence credit.~~

~~3. It is further the intent of the legislative assembly that after providing the amount needed for the maximum property tax relief of all eligible taxpayers under the primary residence credit under section 57-02-08.9, future legislative assemblies use any excess funding available from the legacy earnings fund allocation under section 2 of this Act in future biennial budgets to replace a portion or all of the funding from the general fund, oil and gas tax revenues, or other sources for:~~

~~a. The state reimbursement of the homestead credit under section 57-02-08.1;~~

~~b. The state reimbursement of the disabled veterans' credit under section 57-02-08.8;~~

~~c. State-funded human services under chapter 50-35; and~~

~~d. The portion of state aid for payments to school districts under chapter 15.1-27 attributable to property tax relief.~~

~~**SECTION 4. AMENDMENT.** Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**57-02-01. Definitions.**~~

~~As used in this title, unless the context or subject matter otherwise requires:~~

~~1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.~~

~~a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:~~

~~(1) The land is platted by the owner.~~

~~(2) Public improvements, including sewer, water, or streets, are in place.~~

~~(3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.~~

~~(4) Property is zoned other than agricultural.~~

~~(5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.~~

~~(6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.~~

~~(7) The property sells for more than four times the county average true and full agricultural value.~~

~~b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.~~

~~2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.~~

~~3. "Assessed valuation" means fifty percent of the true and full value of property.~~

~~4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.~~

~~5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, 11, and 12.~~

~~6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.~~

~~7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.~~

~~8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.~~

~~9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.~~

~~10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.~~

~~11.~~ ~~"Person" includes a firm, corporation, or limited liability company.~~

~~11.~~12. ~~"Primary residential property" means residential property certified as a primary residence under section 11 of this Act.~~

~~13.~~ ~~"Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.~~

~~12.~~14. ~~"Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.~~

~~13.~~15. ~~"Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.~~

~~14.~~16. ~~"Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.~~

~~15.~~17. ~~"True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.~~

~~16.~~18. ~~"Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.~~

~~17.~~19. ~~There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use,~~

~~the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.~~

SECTION 6. AMENDMENT. Subdivision c of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

c. The exemption must be determined according to the following schedule:

(1) If the person's income is not in excess of ~~forty~~fifty 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~~eleven thousand two hundred fifty dollars of taxable valuation.

(2) If the person's income is in excess of ~~forty~~fifty thousand dollars and not in excess of ~~seventy~~eighty 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~~five thousand six hundred twenty-five dollars of taxable valuation.

SECTION 7. AMENDMENT. Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

b. For the purpose of this subsection, twenty 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 expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of ~~four hundred~~six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

SECTION 8. 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 yearsyear beginning after December 31, 20232024)~~

1. ~~An individual~~A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the ~~individual's~~taxpayer's primary residence as provided in this section. The credit ~~may~~:

   a. Is ~~limited to one thousand five hundred fifty dollars~~equal to a sixty percent reduction of the property tax due on the taxpayer's primary residence, but the credit may not be less than five hundred dollars.

   b. ~~May not reduce the property tax due on voter-approved levies.~~

   ~~c. May not reduce the liability for special assessments levied upon any property.~~

   ~~d.~~ May not exceed the amount of property tax due against the primary residence. ~~The credit must~~

   ~~e.~~c. 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. For purposes of this section~~, "primary~~:

   a. "Owned" means the 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 in which the property is held, has an ownership interest in the corporation or passthrough entity that owns the property, 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.

   b. (1) "Primary residence" means a dwelling in this state ~~owned and occupied by an individual as that individual's primary place of residence and includes residences taxed under chapter 57-55~~, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3 is:

      (a) Owned by one or more individuals~~, either~~ directly ~~or~~, through a beneficial interest in a qualifying trust, or through an ownership interest in a corporation or passthrough entity;

      (b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by ~~an owner, by an~~:

[1] An individual who holds a present ownership interest, including ownership in fee simple;

[2] An individual who has a life estate in the property~~, or, for~~;

[3] For property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit; or

[4] For property owned through an ownership interest in a corporation or passthrough entity, by an individual who holds an ownership interest in the corporation or passthrough entity and who qualifies for the credit.

(2) For purposes of the ~~definition of "primary residence" under this subdivision~~term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

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

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. ~~If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.~~A trust, corporation, or passthrough entity may not claim a credit for more than one primary residence under this section.

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

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

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

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55~~Subject to subsection 8:

(1) An application must be filed by April 1, 2025, to request a credit beginning in taxable year 2025.

(2) For credits after 2025, an application must be filed by April first to request a credit beginning:

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

(b) 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.

8. A credit under this section is valid for the entire taxable year for which the application was approved, without regard to any change of ownership of the property which occurs after the application date. A credit remains effective for succeeding taxable years without the owner filing an application for the credit unless there is a change of ownership in a succeeding taxable year.

9. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility. Determinations of eligibility for a credit under this subsection may be appealed through the equalization and abatement process.

10. 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.

~~**SECTION 8. 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 taxable year beginning after December 31, 2024)**~~

~~1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residence~~residential property as provided in this section. The credit:

~~a. Is limited to one thousand five hundred fifty dollars.~~

~~b. May not reduce the property tax due on voter-approved levies.~~

~~c. May not reduce the liability for special assessments levied upon any property.~~

~~d. May not exceed the amount of property tax due against the parcel of primary residence~~residential property~~.~~

~~e. Must be applied to reduce the property tax owed on the taxpayer's~~parcel of primary residence~~residential property after other exemptions or credits under this chapter have been applied.~~

~~2. For purposes of this section:~~

~~a. "Owned" means the 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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on~~

~~the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residenceresidential property. If a credit under this section is applied against the property tax due on a parcel of primary residenceresidential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.~~

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. ~~The~~ 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.~~

SECTION 9. 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, 2026~~May 31, 2026~~)~~

1. By June first of each year~~June 1, 2025~~, the tax commissioner shall:

   a. ~~Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~

   ~~b.~~ Review the applications received under section 57-02-08.9 ~~for credits to be applied against real estate and mobile home taxes levied for taxable year 2025~~ and determine which applicants qualify for the credit allowed under section 57-02-08.9 ~~for taxable year 2025~~; and

   b.~~c.~~ Provide to each county auditor:

(1) A copy of each approved or rejected application ~~under subdivision a which~~that identifies a primary residence located in the county; and

(2) The sum of the credits allowed under section 57-02-08.9 in the county for the ~~current~~corresponding taxable year ~~2025~~.

2. ~~By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3.~~ a. For taxable year 2025:

(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under ~~subdivisions b and c of subsection 1~~section 57-02-08.9 in taxable year 2025 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do

not apply to an application for abatement and refund filed under this paragraph.

b. For taxable ~~year 2026~~years after 2025, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence ~~taxed as a mobile home under chapter 57-55 and~~ identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement or mobile home tax statement.

~~3.~~4. By January ~~first~~fifteenth of each year~~January 15, 2026~~, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under subsection 1~~subdivisions b and c of subsection 1 and under subsection 2~~ which were applied ~~toward~~against property taxes owed on primary residences in the county for the ~~preceding~~corresponding year~~as provided in subsection 3~~.

~~4.~~5. By June first of each year ~~after 2024~~May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits allowed under section 57-02-08.9 in each county for the ~~preceding~~corresponding year~~applied against property taxes owed on primary residences in the county as provided in subsection 3~~.

~~5.~~6. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.~~7. 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 corrections necessary because of errors.

~~7.~~8. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.~~9. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

~~**SECTION 10. 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 May 31, 2026)**~~

~~1. By June 1, 2025, the tax commissioner shall:~~

~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~

~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~

~~c. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

~~2. By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3. a. For taxable year 2025:~~

~~(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.~~

~~(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~

~~b. For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or~~ mobile home tax statement.

~~4.~~2. ~~By January 15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which~~that~~ were applied against property taxes owed on primary residences in the county as provided in subsection 3~~for:~~

~~a. The preceding taxable year for primary residential property taxed as real estate under this title.~~

~~b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.~~

~~5.~~3. ~~By May 31, 2026~~thirty-first of each year, ~~the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection 3~~2~~.

~~6.~~4. ~~Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.~~

~~7.~~5. ~~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 corrections necessary because of errors.~~

~~8.~~6. ~~The county auditors shall provide information requested by the tax commissioner to effectuate this section.~~

~~9.~~7. ~~The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.~~

~~**SECTION 11.** A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:~~

~~**Primary residence certification - Eligibility for primary residential property classification - Application.**~~

~~1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.~~

~~2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.~~

~~3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner~~

~~an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.~~

~~a. An application for primary residence certification must be filed by February first of each year to request a primary residence certification for:~~

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

~~(2) 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.~~

~~b. As soon as practicable after receiving the applications, no later than February twenty-eighth of each year, the tax commissioner shall:~~

~~(1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and~~

~~(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.~~

~~c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b, no later than March fifteenth of each year, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.~~

~~d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.~~

~~e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.~~

~~4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.~~

~~5. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section. Application forms must include the full name and address of the applicant and any other information prescribed by the tax commissioner. The county director of tax equalization shall make these forms available to applicants upon request.~~

~~6. For purposes of this section:~~

~~a. "Owned" means the 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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and, subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the exemption.~~

~~(2) For purposes of the term:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on~~

~~the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

~~**SECTION 12. AMENDMENT.** Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.**~~

~~1. All property subject to taxation based on the value thereof must be valued as follows:~~

~~1. a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for bothprimary residential, nonprimary residential, and nonresidential purposes, the valuation must be prorated accordingly.~~

~~2. b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.~~

~~3. c. All commercial property to be valued at ten percent of assessed value.~~

~~4. d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.~~

~~2. The resulting amounts must be known as~~resulting from the calculation under subsection 1 are ~~the taxable valuation.~~

~~3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.~~

~~**SECTION 13. AMENDMENT.** Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**57-02-27.1. Property to be valued at true and full value.**~~

~~1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be~~

~~limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as provided in subsection 15 of section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.~~

~~2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.~~

SECTION 10. AMENDMENT. Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

57-02-53. Assessment ~~increase~~and budget hearing notice to property owner.

1. ~~a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~On or before March first of each year the governing body of a taxing district shall provide to the assessor in each township, city, or county in which the taxing district has taxable property the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.

2. An assessor shall deliver written notice of ~~the amount of increase and the~~:

   a. The amount of the ~~previous~~current year's assessment ~~to the property owner at the expense of the assessment district for which the assessor is employed~~of each parcel of taxable property, including improvements, which has been assessed by the assessor.

   b. The date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh.

3. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land~~

~~and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the state board of equalization, if the state board of equalization ordered the assessment increase.~~

~~c.~~4. The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show the~~contain:

a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year ~~and for the previous year and must also show the~~.

b. The date prescribed by law for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date of the county board of equalization.

c. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel of taxable property is located and the location at which the taxing district's budget will be available for review.

d. A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy at the public budget hearing of each taxing district.

~~d.~~5. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification

of receipt to an electronic mail address at which the property owner has consented to receive notice.

~~2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.~~

6. If a parcel of taxable property is owned by more than one owner, notice may be sent to only one owner of the property. Failure of an owner to receive a notice under this section does not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

SECTION 11. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board ~~- Limitation on increase - Notice~~.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 12. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board ~~- Limitation on increase - Notice.~~

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform~~, except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it~~. All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 13. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~- Limitation on increase - Notice.~~

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~
2. Notwithstanding any other provision of this section:
   a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was

assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.

b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may

appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 14. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Limitation on levies by taxing districts without voter approval.

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable ~~percent~~percentage limit.

   b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.

2. The limitation under subsection 1 does not apply to:

   a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:

      (1) A change in state law.

      (2) Approval by the electors of the taxing district.

   b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.

   c. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

   d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.

f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in special assessment and improvement district funds and revenue bond and reserve funds.

g. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

h. Taxes levied under sections 40-24-10, 40-43-01, and 57-15-41, and chapter 61-16.1.

3. A majority of the qualified electors in a taxing district, at a regular or special election of the taxing district, may approve a property tax levy exceeding the limitation under subsection 1 for only one taxable year. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1.

4. A city or county may not supersede or modify the application of this section under home rule authority.

5. For purposes of this section:

a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:

(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.

(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.

b. "Allowable percentage limit" means three percent.

c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.

d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The allowable percentage limit; and

(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.

e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

SECTION 15. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their

request and the furnishing of their names and addresses to the county treasurer. The tax statement must:

a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.

b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:

(1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.

(2) The amount of property tax levied as a result of voter-approved levy authority, which must be separately stated for each taxing district that levied property tax as a result of voter-approved levy authority.

c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

(a) ~~Fifty mills~~The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; ~~or~~and

(b) The 2012 taxable year mill rate of the school district ~~minus~~excluding sixty mills.

(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount

calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

(1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section ~~24~~ of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 16. REPEAL. Sections 21-10-12, 21-10-13, and 57-15-02.2 of the North Dakota Century Code are repealed.

SECTION 17. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY PROPERTY TAX RELIEF FUND - INFORMATION ON PROPERTY TAX STATEMENTS - TAX COMMISSIONER.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of ~~$310,001,793~~$449,201,793, which the office of management and budget shall transfer to the legacy property tax relief fund, during the biennium beginning July 1, 2025, and ending June 30, 2027. For legislative council budget status reporting purposes, the transfer under this subsection is considered an ongoing funding item.
2. There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of ~~$483,400,000~~$622,600,000, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit for the biennium beginning July 1, 2025, and ending June 30, 2027. Of the ~~$483,400,000~~$622,600,000, ~~$310,001,793~~$449,201,793 is from the general fund pursuant to subsection 1, and $173,398,207 is from the legacy earnings fund ~~pursuant to section 2 of this Act~~.
3. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is ~~35.87~~27.85 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

SECTION 18. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,450,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of the state reimbursement of the homestead tax credit, for the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 19. EFFECTIVE DATE.

~~1.~~ Sections ~~5,~~ 6, 7, 8, and ~~18~~14 of this Act are effective for taxable years beginning after December 31, 2024.

~~2. Sections 4, 8, 11, 12, and 13 of this Act are effective for taxable years beginning after December 31, 2025.~~

~~3.~~ Section 9 of this Act becomes effective on June 1, 2025.

~~4. Section 10 of this Act becomes effective on June 1, 2026.~~

SECTION 20. EMERGENCY. Sections ~~7~~8 and 9 of this Act are declared to be an emergency measure.

2025 HOUSE APPROPRIATIONS

HB 1176

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1176
2/17/2025

A BILL for an Act to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval.

3:22 p.m. Chairman Vigesaa called the meeting to order.

Members Present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

Discussion Topics:

- Property Tax
- Finance and Tax
- Schools in North Dakota

3:22 p.m. Representative Headland introduced the Bill.

3:24 p.m. Representative Nathe submitted testimony #37915.

3:43 p.m. Representative Mike Lefor introduced Amendment LC #25.1003.03002. # 37907 and # 37904

3:49 p.m. Representative Kempenich motioned to adopt Amendment #25.1003.03002.

3:49 p.m. Representative Wagner seconded.

3:50 p.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Mike Berg	A
Representative Glen Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	N
Representative Scott Louser	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y

Representative Alisa Mitskog	Y
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	A
Representative Scott Wagner	Y

3:52 p.m. Motion passed 20-1-2

3:52 p.m. Chairman Vigesaa closed the meeting.

Sierra Schartz, Committee Clerk

Bill was reconsidered on 02/21/25.

Representative Mike Lefor HB 1176 Amendment 3002

Good afternoon, Chair Vigesaa and members of the House Appropriations Committee, my name is Mike Lefor and I serve District 37 - Dickinson in the House.

Today, I bring amendment number 3002 to House Bill 1176 to provide some cleanup language and a few updates for your consideration. First, on page nine, on line seven, it puts in the language, "may not reduce the property tax due on voter-approved levies." This change makes it clear that should voters approve a bond issue or additional levies that the property tax credit would not go toward the payment of those levies.

Further, on page 16, lines 14-16 it further defines the primary residence category with suggested wording my understanding is from the state tax department to make it more clearly defined. It adds the words "parcel of" prior to primary residential property.

The other changes are found on page 34, which makes it clear that if voters in a political subdivision which to override the three percent cap they must do so at a general election, for four taxable years at a time and striking the language on lines 9 through 11, which provided for up to a ten year exclusion.

Chair Vigesaa, and members of the committee, I am requesting the proposed changes due to the feedback I have received from many fellow legislators. With that, I thank you for your time and request this amendment be placed onto HB 1176.

Thank you for your consideration.

25.1003.03002
Title.

Prepared by the Legislative Council staff for Representative Lefor
February 14, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1176

Introduced by

Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek, Vigesaa

Senators Bekkedahl, Hogue, Weber, Rummel

A BILL for an Act to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, sections 57-02-08.9, 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide an appropriation; to provide a transfer; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-13~~5 of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

SECTION 2. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
   a. State bonding fund.
   b. Teachers' fund for retirement.
   c. State fire and tornado fund.
   d. Workforce safety and insurance fund.
   e. Public employees retirement system.
   f. Insurance regulatory trust fund.
   g. State risk management fund.
   h. Budget stabilization fund.
   i. Water projects stabilization fund.
   j. Health care trust fund.
   k. Cultural endowment fund.
   l. Petroleum tank release compensation fund.
   m. Legacy fund.
   n. ~~Legacy earnings fund.~~
   ~~o.~~ Opioid settlement fund.
   ~~p.~~o. A fund under contract with the board pursuant to subsection 3.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of ~~preliminary budget statement - Contents - How given~~public budget hearing date.

~~1.~~ On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:

~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

~~b.~~1. Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.

~~c.~~2. Provide notice of the public budget hearing date to the county auditor.

~~2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~

~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~

~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

SECTION 4. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

54-27-19.3. Legacy earnings highway distribution fund.

A legacy earnings highway distribution fund is created as a special fund in the state treasury into which must be deposited any allocations of legacy fund earnings made under section ~~21-10-13~~5 of this Act. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;

3. One and five-tenths percent must be transferred to the public transportation fund; and
4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to seven percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate funding in July of each odd-numbered year in the following order:
   a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.
   b. The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.
   c. The remaining amount to the legacy property tax relief fund under section 6 of this Act.

SECTION 6. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy property tax relief fund.

There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section 5 of this Act and all moneys transferred to the fund by the legislative assembly.

SECTION 7. AMENDMENT. Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

57-02-01. Definitions.

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.
   a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
      (1) The land is platted by the owner.
      (2) Public improvements, including sewer, water, or streets, are in place.
      (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.
      (4) Property is zoned other than agricultural.
      (5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
      (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.
      (7) The property sells for more than four times the county average true and full agricultural value.

b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.

2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.

3. "Assessed valuation" means fifty percent of the true and full value of property.

4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.

5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~11,~~10, 12, 13, and ~~12~~14.

6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.

7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.

8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.

9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.

10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.

11. "Person" includes a firm, corporation, or limited liability company.

~~11.~~12. "Primary residential property" means residential property certified as a primary residence under section 14 of this Act.

13. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.

~~12.~~14. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.

~~13.~~15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.

~~14.~~16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.

~~15.~~17. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.

~~16.~~18. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.

~~17.~~19. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use,

the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

SECTION 8. AMENDMENT. Subdivision c of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

c. The exemption must be determined according to the following schedule:

(1) If the person's income is not in excess of ~~forty~~fifty 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~~fifty thousand dollars and not in excess of ~~seventy~~eighty 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.

SECTION 9. AMENDMENT. Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

b. For the purpose of this subsection, twenty 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 expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of ~~four hundred~~six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

SECTION 10. 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~~year beginning after December 31, ~~2023~~2024)

1. ~~An individual~~A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the ~~individual's~~taxpayer's primary residence as provided in this section. The credit ~~may:~~
   a. Is limited to one thousand four hundred fifty dollars.
   b. May not reduce the property tax due on voter-approved levies.
   c. May not reduce the liability for special assessments levied upon any property.
   ~~c.~~d. May not exceed the amount of property tax due against the primary residence. ~~The credit must~~
   ~~d.~~e. 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. For purposes of this section~~, "primary~~:
   a. "Owned" means the 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.
   b. (1) "Primary residence" means a dwelling in this state ~~owned and occupied by an individual as that individual's primary place of residence and includes residences taxed under chapter 57-55~~, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that is:
      (a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;
      (b) Designed or adapted for human residence;
      (c) Used as a residence; and
      (d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.

(2) For purposes of the definition of "primary residence" under this subdivision:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

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

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.
5. An individual whose primary residence is a farm structure exempt from taxation under subsection 15 of section 57-02-08 is not eligible for a credit under this section.
6. The credit may not reduce the liability for special assessments levied upon any property.
7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner~~, by April first of each year,~~ an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the ~~claim~~application on a form and in the manner prescribed by the tax commissioner. The application must be filed:
   a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.
   b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.
8. 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.

~~**SECTION 11. 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 taxable year beginning after December 31, 2024)**~~

~~1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residenceresidential property as provided in this section. The credit:~~
   ~~a. Is limited to one thousand four hundred fifty dollars.~~
   ~~b. May not reduce the liability for special assessments levied upon any property.~~
   ~~c. May not exceed the amount of property tax due against the parcel of primary residenceresidential property.~~

~~d. Must be applied to reduce the property tax owed on the taxpayer's parcel of primary residenceresidential property after other exemptions or credits under this chapter have been applied.~~

~~2. For purposes of this section:~~

~~a. "Owned" means the 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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residenceresidential property. If a credit under this section is applied against the property tax due on a parcel of primary residenceresidential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.~~

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. ~~The~~ The tax commissioner, in consultation with the county auditors, shall prescribe, design, and make available all forms necessary to effectuate this section. ~~The~~ The tax commissioner shall make these forms available upon request.

SECTION 11. 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 taxable year beginning after December 31, 2024)~~

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary ~~residence~~residential property as provided in this section. The credit:
   a. Is limited to one thousand four hundred fifty dollars.
   b. May not reduce the property tax due on voter-approved levies.
   c. May not reduce the liability for special assessments levied upon any property.
   d. May not exceed the amount of property tax due against the parcel of primary ~~residence~~residential property.
   e. Must be applied to reduce the property tax owed on the ~~taxpayer's~~parcel of primary ~~residence~~residential property after other exemptions or credits under this chapter have been applied.
2. ~~For purposes of this section:~~
   ~~a. "Owned" means the 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.~~

~~b. (1) "Primary residence" means a dwelling in this state , including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4.~~ Only one credit under this section may be applied against the property taxes levied against any parcel of primary ~~residence~~residential property. If a credit under this section is applied against the property tax due on a parcel of primary ~~residence~~residential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. 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.~~

SECTION 12. 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, 2026~~May 31, 2026)

1. By ~~June first of each year~~June 1, 2025, the tax commissioner shall:
   a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.
   b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and
   ~~b.~~c. Provide to each county auditor:
      (1) A copy of each approved application under subdivision ~~a~~b which identifies a primary residence located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.
2. By November 1, 2025, the tax commissioner shall:
   a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and
   b. Provide to each county auditor:
      (1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and

(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.

3. a. For taxable year 2025:

(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.

b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.

~~3.~~4. By ~~January first of each year~~January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 1~~subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~against property taxes owed on primary residences in the county ~~for the preceding year~~as provided in subsection 3.

~~4.~~5. By ~~June first of each year after 2024~~May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the

application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~allowed under section 57-02-08.9 in each county for the preceding year~~applied against property taxes owed on primary residences in the county as provided in subsection 3.

~~5.~~6. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.~~7. 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 corrections necessary because of errors.

~~7.~~8. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.~~9. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 13. 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 May 31, 2026)~~

1. ~~By June 1, 2025, the tax commissioner shall:~~

   ~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~

   ~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~

~~c. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

~~2. By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3. a. For taxable year 2025:~~

~~(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.~~

~~(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and~~

~~sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~

~~b.~~ ~~For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each ~~primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

~~4.~~2. By January ~~15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits ~~approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which~~that were applied against property taxes owed on primary residences in the county ~~as provided in subsection 3~~for:

a. The preceding taxable year for primary residential property taxed as real estate under this title.

b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

~~5.~~3. By May ~~31, 2026~~thirty-first of each year, the tax commissioner shall ~~review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and~~ certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection ~~3~~2.

~~6.~~4. Within fourteen days of receiving the payment from the state treasurer, ~~but no later than June thirtieth of each year,~~ the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~7.~~5. 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 corrections necessary because of errors.

~~8.~~6. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~9.~~7. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 14. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence certification - Eligibility for primary residential property classification - Application.

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.
   a. An application for primary residence certification must be filed by February first of each year to request a primary residence certification for:
      (1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.
      (2) 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.
   b. As soon as practicable after receiving the applications, no later than February twenty-eighth of each year, the tax commissioner shall:
      (1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b, no later than March fifteenth of each year, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.

d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.

e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.

4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.

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

6. For purposes of this section:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and,

subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

SECTION 15. AMENDMENT. Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.

1. All property subject to taxation based on the value thereof must be valued as follows:

~~1.~~ a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.

~~2.~~ b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.

~~3.~~ c. All commercial property to be valued at ten percent of assessed value.

~~4.~~ d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

2. The ~~resulting~~ amounts ~~must be known as~~resulting from the calculation under subsection 1 are the taxable valuation.

3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which

there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

SECTION 16. AMENDMENT. Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27.1. Property to be valued at true and full value.

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as provided in ~~subsection 15 of~~ section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.
2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

SECTION 17. AMENDMENT. Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

57-02-53. Assessment ~~increase~~notice to property owner.

1. ~~a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~An assessor shall deliver written notice of the ~~amount of increase and the~~amount of the ~~previous~~true and full value of each parcel of taxable property for the current ~~year's assessment to the property owner at the expense of the assessment district for which~~

~~the assessor is employed~~and previous year, including improvements, which have been assessed by the assessor.

2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the state board of equalization, if the state board of equalization ordered the assessment increase.~~

~~c.~~3. The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show the~~contain:

a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year and for the previous year ~~and must also show the~~.

b. The date ~~prescribed by law~~, time, and location for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date, time, and location of the county board of equalization~~hearing of each taxing district~~.

~~d.~~4. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.

~~2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.~~

SECTION 18. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board ~~- Limitation on increase - Notice~~.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 19. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board ~~- Limitation on increase - Notice~~.

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform~~, except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it~~. All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 20. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~- Limitation on increase - Notice~~.

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~
2. Notwithstanding any other provision of this section:
   a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was

assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.

b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may

appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 21. AMENDMENT. Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property ~~a preliminary budget statement and~~ the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.
2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:
   a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located~~, which anticipate levying in excess of one hundred thousand dollars in the current year,~~ and the location at which the taxing district's budget is available for review; and
   b. ~~The true and full value of the property based on the best information available;~~
   ~~c. A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;~~
   ~~d. A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~

~~e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~

~~f.~~ A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy~~; and~~

~~g. The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year~~.

3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year~~.

SECTION 22. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Limitation on levies by taxing districts without voter approval.

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year

levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable percentage limit.

b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.

2. The limitation under subsection 1 does not apply to:

a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:

(1) A change in state law.

(2) Approval by the electors of the taxing district.

b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.

c. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.

f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in special assessment and improvement district funds and revenue bond and reserve funds.

g. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

h. Taxes levied under sections 40-24-10, 40-43-01, 57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.

i. Taxes levied, up to eighteen mills, under section 57-15-20.

3. A majority of the qualified electors in a taxing district~~,~~ voting on the question at a ~~regular or special~~statewide ~~primary or~~ general election~~, or sixty percent of the qualified electors in a taxing district at a special election of the taxing district,~~ may approve a property tax levy exceeding the limitation under subsection 1 for ~~only one~~two~~four~~ taxable ~~year~~years at a time, beginning with the taxable year after the general election during which the ballot measure was approved. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1.

~~4. A majority of the qualified electors in a city or county at a statewide primary or general election may elect for the city or county to be excluded from the limitation under this section for a period of ten taxable years at a time.~~

~~5.~~ For taxable year 2025, a city may levy an amount equal to the amount levied in dollars in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy under section 57-15-08 without including the dollars levied for this purpose as part of the limitation under subsection 1.

~~6.~~5. A city or county may not supersede or modify the application of this section under home rule authority.

~~7.~~6. For purposes of this section:

a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:

(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.

(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.

b. "Allowable percentage limit" means three percent.

c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.

d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The allowable percentage limit; and

(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.

e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

SECTION 23. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their

request and the furnishing of their names and addresses to the county treasurer. The tax statement must:

a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.

b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:

(1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.

(2) The amount of property tax levied as a result of voter-approved levy authority, which must be separately stated for each taxing district that levied property tax as a result of voter-approved levy authority.

c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

(a) ~~Fifty mills~~The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; ~~or~~and

(b) The 2012 taxable year mill rate of the school district ~~minus~~excluding sixty mills.

(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount

calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

(1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section 5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 24. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 25. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY PROPERTY TAX RELIEF FUND - INFORMATION ON PROPERTY TAX STATEMENTS - TAX COMMISSIONER.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $74,601,793, which the office of management and budget shall transfer to the legacy property tax relief fund, during the biennium beginning July 1, 2025, and ending June 30, 2027. For legislative council budget status reporting purposes, the transfer under this subsection is considered an ongoing funding item.
2. There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of $473,000,000, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit for the biennium beginning July 1, 2025, and ending June 30, 2027. Of the $473,000,000, $74,601,793 is from the general fund pursuant to subsection 1, and $398,398,207 is from the legacy earnings fund.
3. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is 84.23 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

SECTION 26. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,450,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of the state reimbursement of the homestead tax credit, for the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 27. EFFECTIVE DATE.

1. Sections 8, 9, 10, and 22 of this Act are effective for taxable years beginning after December 31, 2024.
2. Sections 7, 11, 14, 15, and 16 of this Act are effective for taxable years beginning after December 31, 2025.
3. Section 12 of this Act becomes effective on June 1, 2025.
4. Section 13 of this Act becomes effective on June 1, 2026.

SECTION 28. EMERGENCY. Sections 10 and 12 of this Act are declared to be an emergency measure.



North Dakota Legislative Council

Prepared by the Legislative Council staff
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SUMMARY OF ENGROSSED HOUSE BILL NO. 1176

This memorandum provides a brief summary of Engrossed House Bill No. 1176 [25.1003.03000], which provides property tax reform and relief.

PRIMARY RESIDENCE CREDIT

Sections 10, 11, 12, and 13 of the bill amend the primary residence credit program to:

- Continue the program beyond tax year 2025 by removing the program expiration dates.
- Increase the credit from $500 to $1,450 beginning in tax year 2025.
- Include primary residences held in a trust beginning in tax year 2025.
- Provide for a transition year during tax year 2025 to apply the credit to the same tax cycle for property taxed as mobile homes and property taxed as real estate.
- Clarify the process for prorating property taxes if the primary residence is subject to a real estate transaction.
- Integrate the credit with the new primary residential property classification after the new classification becomes effective beginning in tax year 2026.

An emergency clause is included to authorize the changes to the primary residence credit for tax year 2025.

HOMESTEAD CREDIT PROGRAM

Sections 8, 9, and 26 of the bill, beginning in tax year 2025, expand the homestead credit program, which is available to qualifying homeowners and renters who are at least 65 years of age, by:

- Increasing the two income thresholds by $10,000, from $40,000 to $50,000 and from $70,000 to $80,000.
- Increasing the maximum renters refund from $400 to $600.
- Appropriating $5.45 million for the state reimbursement of the homestead tax credit.

PROPERTY CLASSIFICATIONS

Sections 7, 14, 15, and 16 of the bill create a new classification for primary residential property separate from other nonprimary residential property. Primary residence certification and eligibility for a primary residential property classification is based on an application and approval process administered through the Tax Department.

PROPERTY TAX LEVY LIMITATION

Section 22 of the bill provides a property tax levy limitation applicable to all taxing districts, beginning in tax year 2025, by:

- Limiting property tax levy increases to 3 percent each year, plus any unused excess percentage increase from the 5 preceding years, without requiring voter approval.
- Allowing a taxing district to increase the levy to an amount exceeding the limitation, for 2 years, if approved by a majority of the qualified electors in a taxing district at a statewide primary or general election, or 60 percent of the qualified electors in a taxing district at a special election of the taxing district.
- Providing an "opt-out" option for cities and counties, which would allow a majority of the qualified electors in a city or county at a statewide primary or general election to elect for the city or county to be excluded from the levy limitation for a period of 10 taxable years at a time.

- Basing the 3 percent levy increase limitation on either the greater of the highest amount levied in the 3 preceding years or the amount levied in the preceding year with adjustments, including adjustments for new property.

The levy limitation does not apply to certain levies, including an irrepealable tax to pay indebtedness, the constitutional 1-mill levy for the state medical center, certain city and county emergency levies, the township general fund levy (up to 18 mills), and other specified levies. Language applicable only to taxable year 2025 also is included, which would allow a city to consolidate certain expiring mill levies into the city's general fund levy without including those dollars levied as part of the levy limitation.

PROPERTY TAX RELIEF FUNDING

Sections 2, 5, 6, and 25 of the bill provide state funding for the primary residence credit by:

- Clarifying the process for distributions from the legacy fund to the legacy earnings fund.
- Providing an allocation from the legacy earnings fund to a newly created legacy property tax relief fund.
- Appropriating $473 million from the legacy property tax relief fund for the state reimbursement of the primary residence credit, which includes $74.6 million transferred from the general fund and $398.4 million allocated from the legacy earnings fund.

PROPERTY TAX NOTICES AND STATEMENTS

Sections 3, 17, 18, 19, 20, 21, and 23 of the bill modify the property tax notices and statements by:

- Requiring an assessor to deliver written notice of the true and full value of each parcel of taxable property for the current and previous year and the date, time, and location of the local and county board of equalization meetings at least 15 days before the local board of equalization meeting.
- Requiring the county treasurer to provide written notice to each owner of taxable property, by August 31st of each year, of the date, time, and location of each taxing district's budget hearing, the location at which each budget is available for review, and a statement that there will be an opportunity to submit comments regarding each taxing district's property tax levy.
- Requiring property tax statements to separately identify the amounts for voter-approved property tax levies in each taxing district and to identify the primary residence credit, including the portion of the credit derived from legacy fund earnings.

REPEALS

Section 24 repeals:

- Obsolete legacy fund definitions under North Dakota Century Code Section 21-10-12.
- The legacy earnings fund under Section 21-10-13 to move the fund and revise the allocations as provided in Section 5 of the bill.

Sections 1 and 4 update cross references to the repealed Section 21-10-13 to the new section created in Section 5 of the bill.

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1176
2/21/2025

A BILL for an Act to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide an appropriation; to provide a transfer; to provide an effective date; to provide an expiration date; and to declare an emergency.

6:28 p.m. Chairman Vigesaa called the meeting to order.

Members Present: Chairman Vigesaa, Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Stemen, Swiontek, Wagner

Members absent: Vice Chairman Kempenich, Representatives: Mitskog, Meier, Sanford.

Discussion Topics:

- Committee Action

6:31 p.m. Representative Nathe moved to Amend technical language to incorporate verbiage from SB 2201.

6:31 pm. Representative Swiontek seconded the motion.

6:31 p.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	AB
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glenn Bosch	Y
Representative Mike Brandenburg	Y

Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	Y
Representative Bob Martinson	Y
Representative Lisa Meier	AB
Representative Alisa Mitskog	AB
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	AB
Representative Gregory Stemen	Y
Representative Steve Swiontek	Y
Representative Scott Wagner	Y

6:31 p.m. Motion passed 19-0-4.

6:32 p.m. Representative Nathe moved a Do Pass as Amended.

6:33 p.m. Representative O'Brien seconded the motion.

6:34 p.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	AB
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glenn Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	N
Representative Scott Louser	Y
Representative Bob Martinson	Y
Representative Lisa Meier	AB
Representative Alisa Mitskog	AB
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	AB
Representative Gregory Stemen	Y

Representative Steve Swiontek	Y
Representative Scott Wagner	Y

6:34 p.m. Motion passed 18-1-4. Representative Hagert will carry.

6:34 p.m. Chairman Vigesaa closed the meeting.

Krystal Eberle for Risa Berube, Committee Clerk

25.1003.03004
Title.04000

Prepared by the Legislative Council staff for House Appropriations Committee
February 19, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1176

Introduced by

Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek, Vigesaa

Senators Bekkedahl, Hogue, Weber, Rummel

A BILL for an Act to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, ~~sections~~section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide an appropriation; to provide a transfer; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-13~~5 of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

SECTION 2. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
   a. State bonding fund.
   b. Teachers' fund for retirement.
   c. State fire and tornado fund.
   d. Workforce safety and insurance fund.
   e. Public employees retirement system.
   f. Insurance regulatory trust fund.
   g. State risk management fund.
   h. Budget stabilization fund.
   i. Water projects stabilization fund.
   j. Health care trust fund.
   k. Cultural endowment fund.
   l. Petroleum tank release compensation fund.
   m. Legacy fund.
   n. ~~Legacy earnings fund.~~
   ~~o.~~ Opioid settlement fund.
   ~~p.~~o. A fund under contract with the board pursuant to subsection 3.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of ~~preliminary budget statement - Contents - How given~~public budget hearing date.

~~1.~~ On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:

~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

~~b.~~1. Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.

~~c.~~2. Provide notice of the public budget hearing date to the county auditor.

~~2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~

~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~

~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

SECTION 4. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

54-27-19.3. Legacy earnings highway distribution fund.

A legacy earnings highway distribution fund is created as a special fund in the state treasury into which must be deposited any allocations of legacy fund earnings made under section ~~21-10-13~~5 of this Act. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;

3. One and five-tenths percent must be transferred to the public transportation fund; and
4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to seven percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate funding in July of each odd-numbered year in the following order:
   a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.
   b. The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.
   c. The remaining amount to the legacy property tax relief fund under section 6 of this Act.

SECTION 6. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy property tax relief fund.

There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section 5 of this Act and all moneys transferred to the fund by the legislative assembly.

SECTION 7. AMENDMENT. Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

57-02-01. Definitions.

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.
   a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
      (1) The land is platted by the owner.
      (2) Public improvements, including sewer, water, or streets, are in place.
      (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.
      (4) Property is zoned other than agricultural.
      (5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
      (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.
      (7) The property sells for more than four times the county average true and full agricultural value.

b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.

2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.

3. "Assessed valuation" means fifty percent of the true and full value of property.

4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.

5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~11,~~10, 12, 13, and ~~12~~14.

6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.

7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.

8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.

9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.

10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.

11. "Person" includes a firm, corporation, or limited liability company.

~~11.~~12. "Primary residential property" means residential property certified as a primary residence under section 14 of this Act.

13. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.

~~12.~~14. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.

~~13.~~15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.

~~14.~~16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.

~~15.~~17. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.

~~16.~~18. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.

~~17.~~19. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use,

the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

SECTION 8. AMENDMENT. Subdivision c of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

c. The exemption must be determined according to the following schedule:

(1) If the person's income is not in excess of ~~forty~~fifty 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~~fifty thousand dollars and not in excess of ~~seventy~~eighty 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.

SECTION 9. AMENDMENT. Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

b. For the purpose of this subsection, twenty 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 expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of ~~four hundred~~six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

~~**SECTION 10. 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**~~**year beginning after December 31, 2023**~~**2024)**~~

~~1. An individual~~A taxpayer ~~is entitled to a credit of five hundred dollars against the property tax due on the individual's~~taxpayer's ~~primary residence as provided in this section. The credit may:~~

~~a. Is limited to one thousand four hundred fifty dollars.~~

~~b. May not reduce the liability for special assessments levied upon any property.~~

~~c. May not exceed the amount of property tax due against the primary residence. The credit must~~

~~d. 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. For purposes of this section, "primary:~~

~~a. "Owned" means the 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.~~

~~b. (1) "Primary residence" means a dwelling in this state owned and occupied by an individual as that individual's primary place of residence and includes residences taxed under chapter 57-55, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner, by April first of each year, an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the claimapplication on a form and in the manner prescribed by the tax commissioner. The application must be filed:

   a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.

   b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.

8. 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.

SECTION 11. 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 taxable year beginning after December 31, 2024)

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residenceresidential property as provided in this section. The credit:

   a. Is limited to one thousand four hundred fifty dollars.

   b. May not reduce the liability for special assessments levied upon any property.

   c. May not exceed the amount of property tax due against the parcel of primary residenceresidential property.

~~d. Must be applied to reduce the property tax owed on the taxpayer's parcel of primary residenceresidential property after other exemptions or credits under this chapter have been applied.~~

~~2. For purposes of this section:~~

~~a. "Owned" means the 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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residence~~residential property~~. If a credit under this section is applied against the property tax due on a parcel of primary residence~~residential property~~ subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.~~

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. ~~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.~~

SECTION 10. AMENDMENT. Section 57-02-08.9 of the North Dakota Century Code as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, is amended and reenacted as follows:

57-02-08.9. Primary residence credit - Qualification - Application. (Effective for the first ~~two~~ taxable ~~years~~year beginning after December 31, ~~2023~~2024)

1. A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the taxpayer's primary residence as provided in this section. The credit ~~may:~~
   a. Is limited to one thousand four hundred fifty dollars.
   b. May not reduce the property tax due on voter-approved levies.
   c. May not reduce the liability for special assessments levied upon any property.
   d. May not exceed the amount of property tax due against the primary residence. ~~The credit must~~
   e. Must be applied to reduce the property tax owed on the taxpayer's primary residence after other exemptions or credits under this chapter have been applied.
2. For purposes of this section:
   a. "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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.

(2) For purposes of the definition of "primary residence" under this subdivision:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

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

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. A trust may not claim a credit for more than one primary residence under this section. If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

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

a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.

b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.

8. 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.

SECTION 11. 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 taxable year beginning after December 31, 2024)~~

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary ~~residence~~residential property as provided in this section. The credit:
   a. Is limited to one thousand four hundred fifty dollars.
   b. May not reduce the property tax due on voter-approved levies.
   c. May not reduce the liability for special assessments levied upon any property.
   d. May not exceed the amount of property tax due against the parcel of primary ~~residence~~residential property.
   e. Must be applied to reduce the property tax owed on the ~~taxpayer's~~parcel of primary ~~residence~~residential property after other exemptions or credits under this chapter have been applied.
2. ~~For purposes of this section:~~
   ~~a. "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.~~
   ~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~
      ~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~
      ~~(b) Designed or adapted for human residence;~~
      ~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4.~~ Only one credit under this section may be applied against the property taxes levied against any parcel of primary ~~residence~~residential property. A trust may not claim a credit for more than one parcel of primary ~~residence~~residential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary ~~residence~~residential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. 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.~~

SECTION 12. 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, 2026~~May 31, 2026)

1. By ~~June first of each year~~June 1, 2025, the tax commissioner shall:
   a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.
   b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and
   ~~b.~~c. Provide to each county auditor:
      (1) A copy of each approved application under subdivision ~~a~~b which identifies a primary residence located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.
2. By November 1, 2025, the tax commissioner shall:
   a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and
   b. Provide to each county auditor:
      (1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.
3. a. For taxable year 2025:
      (1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the

tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.

b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.

~~3.~~4. By ~~January first of each year~~January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 1~~subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~against property taxes owed on primary residences in the county ~~for the preceding year~~as provided in subsection 3.

~~4.~~5. By ~~June first of each year after 2024~~May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~allowed under section 57-02-08.9 in each county for the preceding year~~applied against property taxes owed on primary residences in the county as provided in subsection 3.

~~5.~~6. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.~~7. 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 corrections necessary because of errors.

~~7.~~8. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.~~9. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 13. 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 May 31, 2026)~~

1. ~~By June 1, 2025, the tax commissioner shall:~~

~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~

~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~

~~c. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

~~2. By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3. a. For taxable year 2025:~~

~~(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.~~

~~(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~

~~b.~~ ~~For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each ~~primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

~~4.~~2. By January ~~15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits ~~approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which~~that were applied against property taxes owed on primary residences in the county ~~as provided in subsection 3~~for:

a. The preceding taxable year for primary residential property taxed as real estate under this title.

b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

~~5.~~3. By May ~~31, 2026~~thirty-first of each year, the tax commissioner shall ~~review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and~~ certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection ~~3~~2.

~~6.~~4. Within fourteen days of receiving the payment from the state treasurer, ~~but no later than June thirtieth of each year,~~ the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~7.~~5. 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 corrections necessary because of errors.

~~8.~~6. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~9.~~7. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 14. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence certification - Eligibility for primary residential property classification - Application.

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.
   a. An application for primary residence certification must be filed by February first of each year to request a primary residence certification for:
      (1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.
      (2) 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.
   b. As soon as practicable after receiving the applications, no later than February twenty-eighth of each year, the tax commissioner shall:
      (1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b, no later than March fifteenth of each year, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.

d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.

e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.

4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.

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

6. For purposes of this section:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and,

subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

SECTION 15. AMENDMENT. Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

~~57-02-27.~~ Property to be valued at a percentage of assessed value - Classification of ~~property~~ - Limitation on valuation of annexed agricultural lands.

1. All property subject to taxation based on the value thereof must be valued as follows:

~~1.~~ a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.

~~2.~~ b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.

~~3.~~ c. All commercial property to be valued at ten percent of assessed value.

~~4.~~ d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

2. The ~~resulting~~ amounts ~~must be known as~~resulting from the calculation under subsection 1 are the taxable valuation.

3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which

there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

SECTION 16. AMENDMENT. Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27.1. Property to be valued at true and full value.

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as provided in ~~subsection 15 of~~ section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.
2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

SECTION 17. AMENDMENT. Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

57-02-53. Assessment ~~increase~~notice to property owner.

1. ~~a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~An assessor shall deliver written notice of the ~~amount of increase and the~~amount of the ~~previous~~true and full value of each parcel of taxable property for the current ~~year's assessment to the property owner at the expense of the assessment district for which~~

~~the assessor is employed~~and previous year, including improvements, which have been assessed by the assessor.

2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the state board of equalization, if the state board of equalization ordered the assessment increase.~~

~~c.~~3. The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show the~~contain:

a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year and for the previous year ~~and must also show the~~.

b. The date ~~prescribed by law~~, time, and location for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date, time, and location of the county board of equalization~~hearing of each taxing district~~.

~~d.~~4. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.

~~2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.~~

SECTION 18. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board ~~- Limitation on increase - Notice~~.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 19. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board ~~- Limitation on increase - Notice.~~

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform~~, except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it~~. All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 20. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~- Limitation on increase - Notice.~~

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~
2. Notwithstanding any other provision of this section:
   a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was

assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.

b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may

appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 21. AMENDMENT. Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property ~~a preliminary budget statement and~~ the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.
2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:
   a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located~~, which anticipate levying in excess of one hundred thousand dollars in the current year,~~ and the location at which the taxing district's budget is available for review; and
   b. ~~The true and full value of the property based on the best information available;~~
   ~~c.~~ ~~A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;~~
   ~~d.~~ ~~A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~

~~e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~

~~f.~~ A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy~~; and~~

~~g. The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year~~.

3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year~~.

SECTION 22. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Limitation on levies by taxing districts without voter approval.

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year

levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable percentage limit.

b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.

2. The limitation under subsection 1 does not apply to:

a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:

(1) A change in state law.

(2) Approval by the electors of the taxing district.

b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.

c. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.

f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in special assessment and improvement district funds and revenue bond and reserve funds.

g. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

h. Taxes levied under sections 40-24-10, 40-43-01, 57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.

i. Taxes levied, up to eighteen mills, under section 57-15-20.

3. A majority of the qualified electors in a taxing district~~,~~ voting on the question at a ~~regular or special~~statewide ~~primary or~~ general election~~, or sixty percent of the qualified electors in a taxing district at a special election of the taxing district,~~ may approve a property tax levy exceeding the limitation under subsection 1 for ~~only one~~~~two~~four taxable ~~year~~years at a time, beginning with the taxable year after the general election during which the ballot measure was approved. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1.

~~4. A majority of the qualified electors in a city or county at a statewide primary or general election may elect for the city or county to be excluded from the limitation under this section for a period of ten taxable years at a time.~~

~~5.~~ For taxable year 2025, a city may levy an amount equal to the amount levied in dollars in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy under section 57-15-08 without including the dollars levied for this purpose as part of the limitation under subsection 1.

~~6.~~5. A city or county may not supersede or modify the application of this section under home rule authority.

~~7.~~6. For purposes of this section:

a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:

(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.

(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.

b. "Allowable percentage limit" means three percent.

c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.

d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The allowable percentage limit; and

(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.

e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

SECTION 23. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their

request and the furnishing of their names and addresses to the county treasurer. The tax statement must:

a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.

b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:

(1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.

(2) The amount of property tax levied as a result of voter-approved levy authority, which must be separately stated for each taxing district that levied property tax as a result of voter-approved levy authority.

c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

(a) ~~Fifty mills~~The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; ~~or~~and

(b) The 2012 taxable year mill rate of the school district ~~minus~~excluding sixty mills.

(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount

calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

(1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section 5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 24. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 25. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY PROPERTY TAX RELIEF FUND - INFORMATION ON PROPERTY TAX STATEMENTS - TAX COMMISSIONER.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $74,601,793, which the office of management and budget shall transfer to the legacy property tax relief fund, during the biennium beginning July 1, 2025, and ending June 30, 2027. For legislative council budget status reporting purposes, the transfer under this subsection is considered an ongoing funding item.
2. There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of $473,000,000, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit for the biennium beginning July 1, 2025, and ending June 30, 2027. Of the $473,000,000, $74,601,793 is from the general fund pursuant to subsection 1, and $398,398,207 is from the legacy earnings fund.
3. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is 84.23 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

SECTION 26. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,450,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of the state reimbursement of the homestead tax credit, for the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 27. EFFECTIVE DATE.

1. Sections 8, 9, 10, and 22 of this Act are effective for taxable years beginning after December 31, 2024.
2. Sections 7, 11, 14, 15, and 16 of this Act are effective for taxable years beginning after December 31, 2025.
3. Section 12 of this Act becomes effective on June 1, 2025.
4. Section 13 of this Act becomes effective on June 1, 2026.

SECTION 28. EMERGENCY. Sections 10 and 12 of this Act are declared to be an emergency measure.

REPORT OF STANDING COMMITTEE
ENGROSSED HB 1176

Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS (25.1003.03004)** and when so amended, recommends **DO PASS** (18 YEAS, 1 NAY, 4 ABSENT OR EXCUSED AND NOT VOTING). HB 1176 was placed on the Sixth order on the calendar.

2025 SENATE FINANCE AND TAXATION

HB 1176

2025 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1176
3/17/2025

Relating to legacy fund definitions and the legacy earnings fund; to provide an appropriation; to provide a transfer; to provide an effective date; to provide an expiration date; and to declare an emergency.

8:58 a.m. Chairman Weber called the meeting to order.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

Discussion Topics:

- Index based local budget caps
- Special assessments
- Property assessment frequency

9:00 a.m. Representative Nathe, District 30, introduced HB 1176, testified in favor and submitted testimony #42392.

9:09 a.m. Representative Lefor, District 27, testified in favor and submitted testimony #42386.

9:16 a.m. Kelly Armstrong, Governor, State of North Dakota, testified in favor and submitted testimony #42268.

9:28 a.m. Joe Morrissette, Director, Office of Management and Budget, testified in favor and submitted testimony #41605.

9:34 a.m. Matt Gardner, Executive Director, ND League of Cities, testified in favor and submitted testimony #42256.

9:49 a.m. Josh Askvig, State Director, AARP North Dakota, testified in favor and submitted testimony #41779, #41780.

9:57 a.m. Larry Syverson, Executive Director, North Dakota Township Officers Association, testified in favor and submitted testimony #42238.

10:02 a.m. Parrell Grossman, Legislative Director, North Dakota Soybean Growers Association, testified in favor and submitted testimony #42011.

10:04 a.m. Brandy Madrigga, Finance Director, Cass County, testified in favor and submitted testimony #42037.

10:16 a.m. Don Larson, State Director, National Federation of Independent Businesses, testified in favor and submitted testimony #42161.

10:17 a.m. Zach Smith, Director of Communications and Government Relations, North Dakota Association of Rural Electric Cooperatives, testified in favor.

10:18 a.m. Robert Wilson, County Administrator, Cass County Government, testified in favor and submitted testimony #41896.

10:23 a.m. Aaron Birst, Executive Director, NDACo, testified in favor.

10:24 a.m. Michael Connelly testified in favor and submitted testimony #42107.

10:28 a.m. Vice Chairman Rummel recessed the meeting.

10:39 a.m. Chairman Weber reconvened the meeting.

10:40 a.m. Becky Hagel, Chairman, Foster County Commission, testified in favor.

10:49 a.m. Adam Parker, Co-Chair, North Dakota Emergency Medical Services Association, testified in opposition and submitted testimony #42335.

10:58 a.m. Jennifer Feist, Economic Development Director, Valley City - Barnes County Development Corp., testified in opposition and submitted testimony #41653.

11:08 a.m. Lanny Kenner testified in opposition and submitted testimony #42119.

11:11 a.m. Paul Francassi, City Assesor, City of West Fargo, testified neutral and submitted testimony #42332.

11:15 am. Brenton Holper, City Administrator, City of Horace, testified neutral and submitted testimony #42151.

11:19 a.m. Linda Svihovec, Research Analyst, NDACo, testified neutral.

11:22 a.m. Donald Flaherty, Mayor, City of Ellendale, testified neutral and submitted testimony #42051.

11:30 a.m. John Shockley, Attorney, Ohnstad Twichell, testified neutral and submitted testimony #41855.

11:38 a.m. Chairman Weber closed the hearing.

11:39 a.m. Vice Chairman Rummel moved a Do Pass and Rerefer to Appropriations.

11:39 a.m. Senator Patten seconded the motion.

Senators	Vote
Senator Mark F. Weber	Y
Senator Dean Rummel	Y
Senator Richard Marcellais	Y

Senator Dale Patten	Y
Senator Michelle Powers	Y
Senator Chuck Walen	Y

Motion passed 6-0-0.

Vice Chairman Rummel will carry the bill.

Additional written testimony:

Marie Horning submitted written testimony in neutral #39539.

Robin Nelson submitted written testimony in neutral #39700.

Timothy Mahoney, Mayor, City of Fargo, submitted written testimony in neutral #41671.

Gordon Greenstein submitted written testimony in opposition #41845, #41867.

Dwaine Heinrich, Mayor, City of Jamestown, submitted written testimony in favor #41897.

Adam Tescher, School Finance Officer, NDDPI, submitted written testimony in neutral #41915.

Paul Stremick, Lobbyist, North Dakota School Study Council, submitted written testimony in neutral #41939.

Doug Pearson submitted written testimony in opposition #41952.

Amy De Kok, Executive Director, North Dakota School Boards Association, submitted written testimony in neutral #42144.

Bernie Dardis, Mayor, City of West Fargo, submitted written testimony in neutral #42176.

Joan Hollekim, President, North Dakota County Commisioner's Association, submitted written testimony in favor #42254.

11:42 a.m. Chairman Weber closed the hearing.

Chance Anderson, Committee Clerk

REPORT OF STANDING COMMITTEE
REENGROSSED HB 1176 (25.1003.04000)

Finance and Taxation Committee (Sen. Weber, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). HB 1176 was rereferred to the **Appropriations Committee**. This bill does not affect workforce development.

March 7th, 2025

Dear Chairman Weber and members of the Senate Finance and Taxation Committee ,

I am writing to ask your committee to amend HB 1176. On Page 23 Line 28-31 and P 24 line 1-22 please go back to the original words. I am currently a Township Assessor for 21 townships in Burleigh county. Many of the townships have over 100 parcels in their township. The cost of printing and mailing letters out to every parcel will be a burden on some of these townships that are mostly farm land and farm exempt homes. Many townships run a very lean budget with no room for extra costs. The majority of the townships I work for are already at the cap of 18 Mill Levy for townships.

Sending letters every year when no changes have been made is a waste of paper and time. Sending out notice when there is an increase has been working for years. When an increase happens is when taxpayers want to know.

Remember the equalization meeting is noticed in the paper and often talked about during the March Annual Meetings for townships, I have some that even post flyers at the post office and local Cenex. So owners can find the date and time if they would like to attend the meeting.

In my 25 years of Assessing there has only been a handful of times that owners came to the equalization meeting to talk about their increase. I can not imagine owners getting a letter stating no changes would cause them to attend the Equalization meeting.

Please consider going back to original wording on P23 line 28-31 and P24 line 1-22 to help local townships. Also it just doesn't make a lot of sense if there are no changes or a decrease in value (yes that happened in 2024 with Ag Values) to receive a letter .

Sincerely ,

Marie Horning
Assessor

Testimony in Support of Thoughtful Property Tax Reform

Honorable Members of the Senate Finance & Taxation Committee,

My name is Robin Nelson. I reside in District 41 and serve as the designated legislative spokesperson for the Fargo Board of Education.

Thank you for your ongoing efforts to provide property tax relief and reform this session. We recognize the complexity of these discussions and appreciate the thoughtful approach taken to balance tax relief with maintaining essential local services.

The **Fargo Board of Education respectfully submits the following recommendations** regarding **HB1176 - postponed, HB1168 and HB1575** to ensure a balanced approach to tax reform while preserving **local voter authority**:

1. **Tie Reform Components to a CPI Factor** – Property tax mechanisms should align with inflationary factors to ensure sustainability. This approach would allow schools and other local entities to maintain consistent service levels without eroding their financial capacity due to rising costs.
2. **Maintain Local Voter Control Over Excess Taxes** – We strongly support preserving **the current 10-year simple majority vote requirement** for excess mill levies. Additionally, we support the proposal to hold these elections during primary or general elections to maximize voter participation and engagement.

We appreciate your commitment to finding solutions that provide meaningful tax relief while ensuring school districts and local governments can continue to serve their communities effectively**.**

Thank you for your time and consideration.

Respectfully submitted,
Robin Nelson
Legislative Spokesperson
Fargo Board of Education
nelsonr@fargo.k12.nd.us

NORTH Dakota Be Legendary. | Management and Budget

Testimony in Support of

Reengrossed House Bill No. 1176

Senate Finance and Taxation Committee

March 17, 2025

TESTIMONY OF

Joe Morrissette, Director, Office of Management and Budget

Good morning, Chairman Weber and members of the Senate Finance and Taxation Committee. I am Joe Morrissette, Director of the Office of Management and Budget, and I am here to testify in support of House Bill 1176 and explain the funding sources provided in this bill.

HB 1176 provides a sustainable plan for real property tax relief and reform. This is a plan we can afford now, that will grow to provide more relief over time and will not add to the state's General Fund ongoing expenditures.

Property Tax Relief – Primary Residence Credit

This bill provides the framework for a $473 million property tax credit program, funded from both the General Fund and the Legacy Earnings Fund, to provide a total primary residence credit of $1,450 per qualifying residence per year for the 2025-27 biennium.

Section 5 of the bill changes current law related to the Legacy Earnings Fund streams. This section eliminates the current allocation to the General Fund and creates an ongoing allocation to the Legacy Property Tax Relief Fund.

Current Allocations	Proposed Allocations
First $102.6 million for debt service payments on outstanding legacy bonds.	First $102.6 million for debt service payments on outstanding legacy bonds.
Next $225 million to the general fund to offset the cost of previous tax relief.	
Next $100 million to the Legacy Earnings Highway Distribution Fund.	Next $100 million to the Legacy Earnings Highway Distribution Fund.
Remaining amounts split evenly between the General Fund and the Strategic Investment and Improvements Fund (SIIF).	Remaining amounts to Legacy Property Tax Relief Fund.

Although this change reduces ongoing general fund revenues by $225 million per biennium, it ensures an additional $225 million flows into the Legacy Property Tax Relief Fund and lowers the General Fund cost of the primary residence property tax credit. As the Legacy Earnings Fund allocations grow over time, the amount available in the Legacy Property Tax Relief Fund will grow. The amount in this fund to be used to provide property tax relief for the 2025-27 biennium is $398 million. For the 2025-27 biennium, based on estimated eligible residences, the Legacy Fund portion of the credit will be approximately $1,221; the General Fund portion will be $229. In future

bienniums, contingent on legislative approval, the credit can continue to grow based on actual Legacy Fund earnings, with no ongoing General Fund cost.

Based on estimated future oil tax allocations to the Legacy Fund of between $1.2 and $1.5 billion per biennium and an assumed rate of return of 6.5% per year, the Legacy Property Tax Relief Fund credits could grow as shown below. Increases will depend upon actual oil tax allocations, actual Legacy Fund earnings and future policy decisions of the Legislative Assembly.

Biennium	Total Credit	Credit from General Fund	Credit from Legacy Earnings
2025-27	$1,450	$229	$1,221
2027-29	$1,635	$0	$1,635
2029-31	$2,156	$0	$2,156
2031-33	$2,613	$0	$2,613
2033-35	$3,098	$0	$3,098
2035-37	$3,619	$0	$3,619
2037-39	$4,172	$0	$4,172

The fact that this proposal requires no general fund appropriation beyond the 2025-27 biennium is an important component to ensure sustainability and reduce our long-term General Fund ongoing expenditures.

Property Tax Relief – Homestead Tax Credit Program

Section 8 of the bill expands the existing homestead tax credit program to increase the annual income limit for the maximum credit from $40,000 to $50,000 and increase the overall annual income limit from $70,000 to $80,000. At household income of $50,000 or below, the program continues the current exemption amount of 100% of the first $200,000 of true and full value ($9,000 taxable value). At income levels between $50,001 and $80,000, the program continues the current exemption of 50% of the first $200,000 of true and full value ($4,500 taxable value).

Section 9 of the bill increases the renter refund component of the Homestead Tax Credit Program from $400 to $600 per qualifying applicant. Funding for this program is included in the appropriation for the Homestead Tax Credit program.

Funding is included in section 26 of this bill as well as HB 1006, the budget for the Tax Commissioner. The total funding in the two bills for the Homestead Tax Credit program is $66.1 million. For property owners eligible for the Homestead Tax Credit, that credit will be applied first, and any remaining property tax liability will be reduced by the primary residence credit.

Mr. Chairman and committee members, I ask for your support for HB 1176 and would be happy to answer any questions.

VALLEY CITY-BARNES COUNTY
DEVELOPMENT CORPORATION

Testimony of
Jennifer Feist, Director of Development
Valley City-Barnes County Development Corporation
Valley City, ND

HB 1176 (In Opposition)

Senator Mark Weber and Members of the Finance and Taxation Committee

I have served as the Director of Development for Valley City-Barnes County for nearly 38 years. I have worked closely with the City of Valley City, Barnes County Commission and various public, and non-profit organizations and private businesses.

My opposition is the allowable percentage limit of three percent (3%).

I agree that reform is needed especially for the elderly and renters who have been hit the hardest.

Communities are being crushed by many high-cost problems without funding sources to help. If the State of North Dakota imposes this limit, then funds must be provided to address aging infrastructure and school facilities. We must have State assistance one way or the other. Otherwise, our hands are tied.

For Valley City, we are not sitting on a pile of money. We also have extraordinary issues such as permanent flood protection that we face. We are working very hard to maintain our business base, continue to create quality jobs, and pursue growth strategies – all with limited financial resources.

I remember many years ago when our valuations were too low. We were told to reevaluate every property, or the State would come in, appraise the properties, and adjust the valuations accordingly. If I'm not mistaken, communities were also told that we needed to keep up with property valuations and increase them by a certain percentage each year. It appears the pendulum has swung too far.

Please amend HB 1176 by removing the allowable percentage entirely. If not, flexibility must be provided so that communities can increase the percentage through City and County governing bodies. A last resort would be to increase the percentage. Thank you.

Valley City–Barnes County Development Corporation
250 Main Street West, Valley City, ND 58072 • Direct (701) 840-7820 • Email: vdg@hellovalley.com • Fax: (701) 845-1892

THE CITY OF Fargo FAR MORE

OFFICE OF THE MAYOR

DR. TIM MAHONEY
FARGO CITY HALL
225 Fourth Street North
Fargo, ND 58102
Phone: 701.241.1310 | Fax: 701.476.4136
FargoND.gov

VIA ELECTRONIC SUBMISSION

March 17, 2025

Chair Mark Weber & Members of the Senate Finance & Tax Committee
600 E. Boulevard
Bismarck, ND 58505-0360

Chair Weber and Members of the Senate Finance & Tax Committee:

My name is Dr. Timothy J. Mahoney, and I have the privilege of serving as the Mayor of the City of Fargo. Please accept this written, neutral testimony with suggestions to improve HB 1176 in its current form. With this written testimony, I offer my constructive suggestions to improve this bill and make it one that the political subdivisions of North Dakota, and the City of Fargo, can ultimately support with the right amendments and change in approach.

The City of Fargo has been carefully considering and monitoring the various property tax reform and relief bills this Legislative Session. As the House and Senate leadership, together with the Governor's Office, moves towards a version of HB 1176 as its consensus bill, I believe now is the appropriate time to offer improvements to the bill that can make it a better, more sustainable bill for cities like Fargo and the elected officials who lead North Dakota's cities.

As the Mayor of one of the fastest growing metropolitan areas in the Upper Midwest, I see firsthand the needs and demands our new and existing residents, businesses, and visitors expect in services. At the same time, I also understand – and respect – the calls for property tax reform and relief in North Dakota.

I am of the opinion that as elected leaders we can – and should – provide property tax reform. But that reform must work in partnership with Fargo and the cities of North Dakota. This can be accomplished by providing a practical, reasonable alternative to the current language proposed in HB 1176. By moving to an inflationary measure to adjust the cap, such as the Consumer Price Index (CPI), we can create a better, and more meaningful property tax cap tool while respecting the Legislature's interest in providing tax relief to North Dakotans.

This is why I am writing in support of a proposed cap that utilizes the Consumer Price Index (CPI) plus 2% - not to exceed 6% or no less than 2%, and allow political subdivisions to also capture half of their percentage of annual growth in population from the previous year. This proposal, as suggested by Cass County, allows a growing Fargo, and its neighbors in West Fargo and Cass County, to meet the service expectations of our residents.

Please consider these suggested recommendations on HB 1176 to amend and improve the bill to better serve the City of Fargo and the political subdivisions of North Dakota.

Thank you for your consideration.

Sincerely,

Dr. Timothy J. Mahoney
Mayor
City of Fargo

House Bill 1176 – Support Primary Residence Credit and Homestead Property Tax Credit
March 17, 2025
Senate Finance and Tax Committee
Josh Askvig, AARP ND- jaskvig@aarp.org

Chairman Weber and members of the Senate Finance and Tax Committee, my name is Josh Askvig, State Director of AARP North Dakota. We are here to provide support for the Homestead Property Tax Credit and Primary Residence Credit portions of House Bill (HB) 1176. Creating livable communities where residents of all ages can live, work, raise their families, and retire is a priority for AARP North Dakota. Essential to this vision is affordable housing.

Attached to my testimony are a couple of charts from AARP's 2023 North Dakota Vital Voices Survey, a state-specific survey of issues that impact North Dakotan's 45+ conducted every three years. In our survey last year, 78% indicated that staying in their homes as they age was important. Getting to the places they need to go independently and access to quality long-term care and home care in their community was extremely or very important. Also, 68% said staying in their community as they aged was extremely or very important.

When survey respondents were asked what factors would impact their ability to remain in their homes as they age, they listed property tax, the cost of heating and cooling, and increasing maintenance costs. Also, 28% identified increasing rent as an issue. Clearly, being able to age at home is a priority in North Dakota, and property tax is a concern.

Property taxes are burdensome for many low-income and older homeowners. Many of our older citizens have lived in their homes for a long time, and as their property values have increased, so have their property taxes. But, older residents are often on fixed incomes and can't afford yearly property tax increases and also meet their basic needs for food, medicine and utilities.

AARP supports property tax relief provided in an equitable manner to low- and moderate-income homeowners and renters. Circuit breaker programs offer property tax credits or homestead exemptions that decrease as income increases, resulting in a more progressive

tax system. Therefore, lower-income households receive greater tax relief than higher-income households.

We want to thank you and previous legislatures for the continued support of the Homestead Property Tax Credit and the expansions approved in previous sessions. Section 8 of HB 1176 expands income thresholds up to $50,000 for a 100% reduction (up to $9,000 dollars of taxable valuation) and up to $80,000 of income for a 50% reduction. Section 9 recognizes the importance of relief for older renters by expanding the renters refund from $400 to $600/year. These important programs provide relief to financially vulnerable older North Dakotans. We support the changes to the Homestead program outlined in HB 1176. **Our only recommendation is to index the adjustments to inflation, so the legislature doesn't have to re-visit this issue every two years.**

HB 1176 also expands on the existing Primary Residence Credit passed last session. Our understanding is that the bill would expand the existing credit of $500 up to $1450. We support this expansion as it provides relief for primary residences, the main complaint we heard in 2024.

By combining the Primary Residence Credit with targeted relief programs, like the Homestead Property Tax Credit, many older adults, especially those age 65+, will see significant or even full relief from the concern noted in our 2023 survey, property taxes. AARP North Dakota supports the Primary Residence Credit and Homestead Property Tax Exemption sections in HB 1176.

Thank you.

Survey Results for North Dakota-Livable Communities Questions

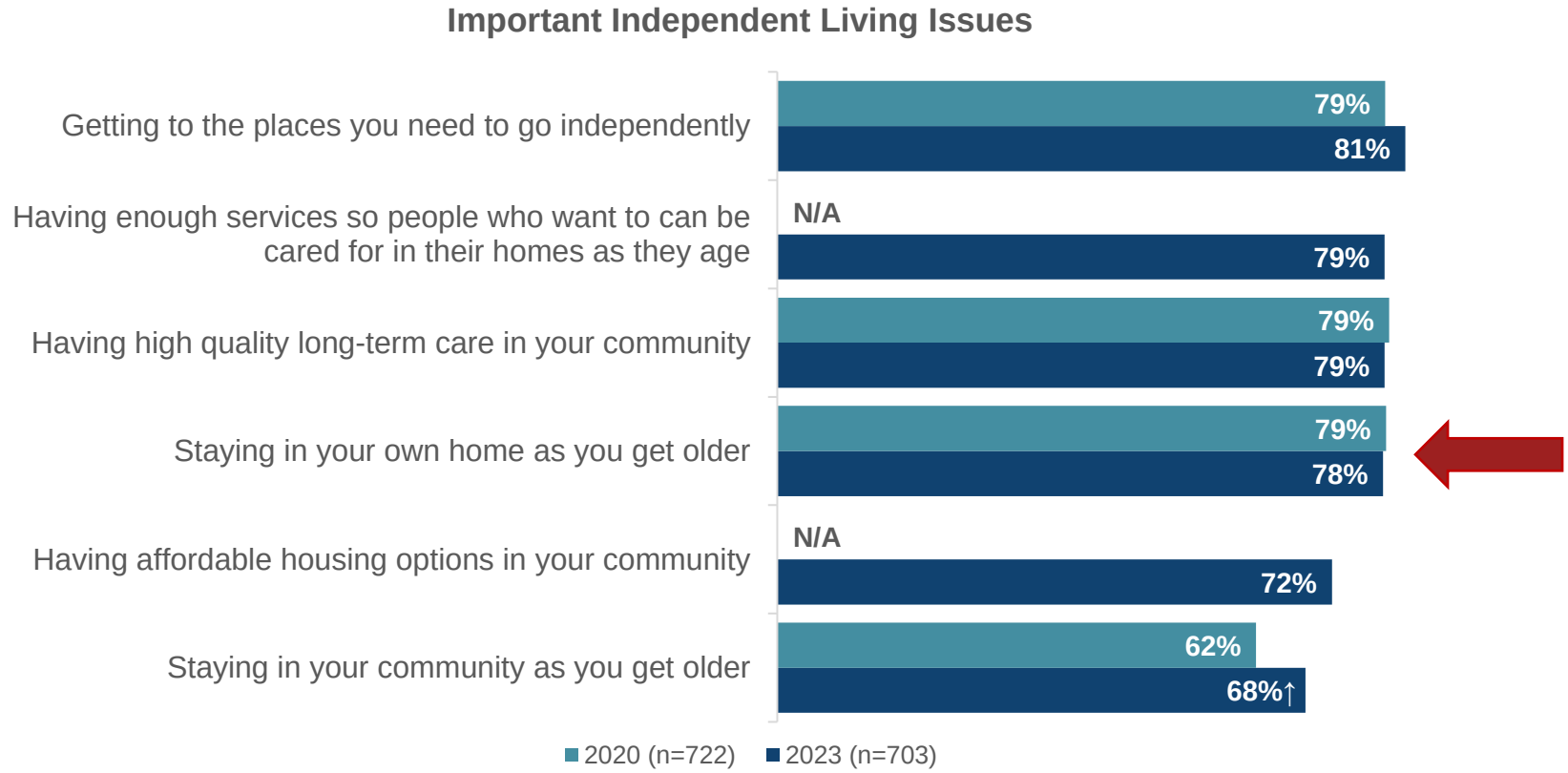
Issues That Impact North Dakota Adults Age 45 and Older



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ISSUES OF IMPORTANCE

North Dakota residents age 45+ find many independent living issues important, with getting to places independently (81%) topping the list.

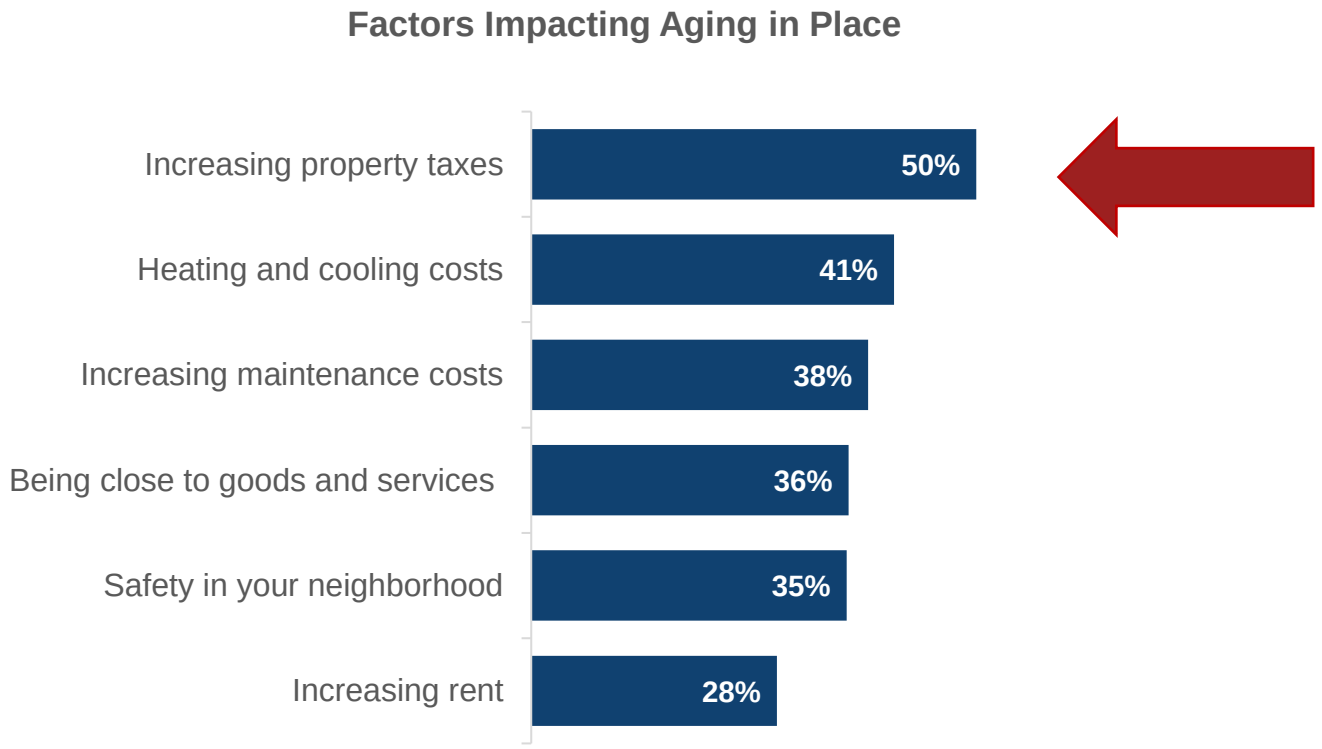


I1. For the following list of issues, please indicate how important each is to you personally. (Percent 'extremely important' or 'very important')
↑ ↓ indicates a significantly higher/lower percentage compared to the prior wave at the 95% confidence level.

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HOUSING AND RELOCATION

North Dakota residents age 45+ identified a variety of factors that would impact their ability to remain in their home as they age, with increasing property taxes topping the list.



HOME-1. How much do you think each of the following would impact your ability to remain in your home as you age? (Percent 'a lot') (n=703)

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ABOUT AARP

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With nearly 38 million members and offices in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment. AARP also works for individuals in the marketplace by sparking new solutions and allowing carefully chosen, high-quality products and services to carry the AARP name. As a trusted source for news and information, AARP produces the nation's largest circulation publications, AARP The Magazine and AARP Bulletin. To learn more, visit www.aarp.org or follow @AARP and @AARPadvocates on social media.



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CONTACT

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HB 1176

House Finance and Taxation

I strongly urge a Do Not Pass on HB 1176

Chairman Headland and Committee Members, I urge a Do Not Pass on HB 1176. I oppose this bill because it is immoral and unconstitutional to tax private property. Property taxes are a burden to many property owners in Norh Dakota. The first thing that the Legislature should do is FULLY FUND all public schools according to the North Dakota Constitution. Then the Legislature should abolish all property taxes, as a state we are in a unique position to abolish all property taxes, North Dakota has the money to do this. This is also a violation of Article X, Section 2 of the North Dakota Constitution. The legislative assembly shall be prohibited from raising revenue to defray the expenses of the state through the levying of a tax on the assessed value of real or personal property. There are also other Constitutional arguments against the bill, Separation of Powers concerns, Limitation of Local Control over Property taxation and other concerns. I STRONGLY urge a Do Not Pass on HB 1176. PS, Remember the Stamp Act of 1765 and the Boston Tea Party of 1773.

Thank You, Gordon Greenstein

US Navy (Veteran)

US Army NDNG (Retired)

Neutral Testimony HB 1176 Presented to the Senate Finance and Taxation Committee
Prepared by John T. Shockley, bond counsel Monday March 17, 2025

Chairman Weber and members of the Senate Finance and Taxation Committee, thank you for the opportunity to present testimony regarding HB1176. I practice in the area of infrastructure, development and finance and for over twenty years I have represented both large and small political subdivisions along with private business seeking to expand or start operations throughout the state of North Dakota. I am also a nationally recognized bond counsel. My testimony is intended to provide the committee with additional information regarding its consideration of a cap on political subdivisions budgets.

When political subdivisions issue municipal bonds those political subdivisions often secure bond ratings from ratings agencies such as S & P, Moodys, and Fitch. Some large bond issues may even require ratings from two ratings agencies. Bond ratings are representations of the creditworthiness of the bonds. The ratings are published and provide independent evaluations of a political subdivision's financial strength and capacity to repay the bond principal and interest in accordance with the bond documents. Bond ratings provide institutional investors and individual investors with a reliable source of information for making investment decisions. Bond ratings impact the cost of capital, commonly referred to as the interest rate, that will attach to the bonds on the day of the bonds are sold.

Laws that impact or restrict the ability of political subdivisions to manage budgets and mill levies, are likely to impact a political subdivision's rating. Further, consideration by rating agencies of how political subdivisions manage budgets during high inflationary periods that exceed a specific percentage cap will likely impact bond ratings.

Political subdivisions (Issuers) credit strengths and weaknesses for bond issuances are analyzed by a rating agency using specified industry criteria. The ratings criteria below may be impacted by a political subdivision's ability to manage its financial condition, including (but aren't limited) to the following:

- Resident Income (Median Household Income)
    - Issuer or State actions may impact resident income to the extent job diversity and availability is impacted. A component of workforce development is the ability of an Issuer or the region to provide activities and recreational activities for the workforce. Park Districts across the state have developed facilities that help to attract and retain young families and provide recreational activities. Limitations in the ability to staff these facilities and operate them can have an impact on workforce development. It is common practice for ratings agencies to ask pointed questions regarding work force development within an issuer's jurisdiction.

- Valuation per Capita
    - A change to real estate valuation or elimination of ad valorem treatment can impact ratings. For many issuers, ratings agencies look directly at the growth of

the Issuers valuation numbers as measure of the entity's financial solvency and ability to address future challenges to budgets or other impacts.
    - Increasing value per capita can impact ratings.
    - Issuer strength is measured by value and the ability to generate revenues from values in the issuer jurisdiction. Any cap on that ability will be identified as a potential weakness.

- Trend in Revenue Growth
    - Revenue growth often contributes to increased fund balances often because of increased property taxes; this can positively impact ratings.
    - Revenue declines and/or fund balance declines, this can negatively impact ratings

- Fixed Operating Costs (Fixed Costs Ratio: Fixed Costs as a percentage of Revenues)
    - A reduction in fixed costs ratio of revenue or offset by an increase in revenues; this can positively impact ratings.
    - An increase in fixed costs or a decrease in revenues; this can negatively impact ratings.

- Management of Debt Load (Long-term Liabilities Ratio; Long-term Liabilities as a percentage of Revenues)
    - A reduction in long-term liabilities relative to offsetting revenues or offset by increased revenues; this can positively impact ratings.

- Maintenance of Available Fund Balance (Fund Balance Ratio: Fund Balance as a percentage of Revenues)
    - Maintaining or increasing fund balance as a percentage of revenues; this can positively impact ratings.
    - Maintaining balances with declining revenues or declining fund balances; this can negatively impact ratings.
    -
- Adequacy of Issuer Management Experience
    - Tenure and experience of the administrative team; experienced teams with longer tenure can positively impact ratings.
    - Implementation of capital improvement plans, reserve plans, and adherence to such plans; are measured and can impact ratings.
    - Loss of ability to maintain compensation of experienced staff may lead to questions regarding the ability of the entity to maintain its current services, fund balances and have proper management.

- Additional Strength in Local Resources
    - The overall ability of an issuer to access, increase, control, revenues, fees, taxes, reserve balances; can impact ratings.
    - The ability to produce and manage a balanced budget with minimal or favorable actual vs. budget financials; can impact ratings.

These issues are all impacted by a fixed percentage cap on mill levies. Linking the proposed cap in HB1176 to an inflationary index would provide a safe harbor for political subdivisions and relieve some of the budget constraints on the entity. The safe harbor would help to reduce some of the impact on political subdivisions bond ratings (as a result of a change in law), which directly impacts the cost of capital which benefits local taxpayers and utility ratepayers.

I appreciate the opportunity to offer background information to the committee as it considers this important public policy matter.

Thank you for your time and consideration.

John T. Shockley

John T. Shockley
Attorney at Law and Nationally Recognized Bond Counsel
Ohnstad Twichell, PC
444 Sheyenne Street, Suite 102
P.O. Box 458
West Fargo, ND 58078-0458

HB 1176

Senate Finance and Taxation

Chairman Weber and Committee Members

I strongly urge a Do Not Pass on HB 1176. This bill wasn't very good from the beginning, but since this bill has been hijacked by Nathe and Hogue, it has been turned into "crap." It looks like they are throwing that "crap" against the wall to see if will stick.

Thia is why there was a Constitutional Amendment to ELIMINATE PROPERTY TAXES in North Dakota. We The People are tired of the "BS" that is in HB 1176. We were told by many of the North Dakota Legislators that we would get REAL REFORM and REAL RELIEF, and these same legislators told us that they heard us LOUD and CLEAR.

Article X Section of the North Dakota Constitution says: The legislative assembly shall be prohibited from raising revenue to defray the expenses of the state through the levying of a tax on the assessed value of real or personal property.

It is time to rework HB 1168 to its original form and to follow Article 8 Section 2 of the North Dakota Constitution. "The legislative assembly shall provide for a uniform system of free public schools throughout the state, beginning with the primary and extending through all grades up to and including schools of higher education, except that the legislative assembly may authorize tuition, fees and service charges to assist in the financing of public schools of higher education." It is time for the Legislature to follow the North Dakota Constitution and uphold your oath to the United States and North Dakota Constitutions or resign.

Thank You, Gordon Greenstein

US Navy (Veteran)

US Army-NDNG (Retired)

Board of County Commissioners
Tony Grindberg
Duane Breitling
Tim Flakoll
Jim Kapitan
Joel Vettel

CASS COUNTY GOVERNMENT

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Fargo, North Dakota 58108
701-241-5609
www.casscountynd.gov

March 11, 2025

Chairman Mark Weber
Members of Senate Finance & Tax Committee
North Dakota State Capitol
600 East Boulevard
Bismarck, ND 58505-0360

RE: HB 1176 & Legislation Generally Relating to Local Government Property Tax Caps

Chairman Weber and Members of the Senate Finance & Tax Committee:

Mr. Chairman, my name is Robert Wilson. I am the County Administrator in Cass County and I wish to address the committee related to this bill, and the overall concept of legislation related to property tax caps on local governments. My comments follow a resolution passed unanimously by the Cass County Commission on Wednesday, March 5, 2025.

Before addressing caps-related legislation let me be clear that Cass County supports legislative efforts to expand primary residence property tax relief to taxpayers in North Dakota.

Those of you who work with the Cass County Board know them to be a pragmatic, fiscally conservative Commission with a history of making wise spending decisions and a commitment to being good stewards of taxpayer dollars.

The average residential property in Cass County increased in value from $244,000 in 2019 to $317,000 in 2023, yet the corresponding average county residential tax only increased by $20 a year over those five years.

I believe it's important to speak directly to a recent suggestion that Cass County is holding reserves in excess of $100 million. This is simply not true. Cass County ended 2023 with an audited General Fund Balance of $26.9 million. If requested, we will provide the 2024 audited General Fund Balance as soon as the audit is complete.

Cass County has the utmost respect for the difficult job you have this session with respect to property tax caps. But the County Board also has a difficult job that doesn't always fit nicely into a 3% - plus

growth box. We are a growing community - and providing adequate public safety demands that we build and fully staff a 192-bed addition onto our county jail. Had it not been for federal ARPA funds, providing for that project with a 3% tax cap and a 4-year opt-out option, would have been next to impossible. Just last month we displaced our County Information Technology office so we – at our expense – could add an additional secure courtroom for the East Central Judicial District.

Cass County respectfully requests you consider the following resolution as you consider property tax caps, ***'allow growth to occur at the consumer price index plus 2% - not to exceed 6% or no less than 2%, and allow political subdivisions to also capture half of their percentage of annual growth in population from the previous year.'***

Sincerely,

Robert Wilson
Cass County Administrator

DWAINE HEINRICH, MAYOR
102 THIRD AVENUE SOUTHEAST
JAMESTOWN, ND 58401

CITY OF JAMESTOWN NORTH DAKOTA

701-252-5900 CITY HALL
dheinrich@JamestownND.gov
www.JamestownND.gov

Sen Mark Weber, Chairman
ND Senate Tax and Finance Committee

March 16, 2025

Re: HB 1176

Dear Chairman Weber and Committee Members:

I am unable to be in Bismarck for the Hearing on House Bill1176. I do however, want to take this opportunity to thank the members of the legislature for moving this Bill forward which will bring meaningful tax relief where it is need most, to primary residence taxpayers.

It is difficult when you are asked to come up with one size fits all solutions to problems when there are no one size fits all answers. This requires wise leadership. No two cities or political sub-divisions are the same. For example of the 12 largest cities in North Dakota, Bismarck has the highest per capita taxable valuation of $6,660 or taxable value $66,600. Whapeton has the lowest with $31,460 per capita value or$3,146 per capita valuation.

So,in this example it would take twice as many Whapeton mills to generate the same number of tax dollars per capita as it would in Bismarck. The average per capita valuation of the 12 cities is $4,785.84. Jamestown is at $3,573. Please see the accompanying sheet.

In Jamestown the property tax revenue coming to our general fund is exhausted by public safety, Police, Fire and Municipal Court. With health insurance costs some years seeing 10% increases and this year we are being told perhaps 15% and other costs over which we have no control also going up it is easy to see that a 3% cap is problematic.

In a case such as ours where we are already using 100% of available funds if our increases are limited to 3% something needs to give. As a practical matter one thing it means is we will lose our public safety personnel to the state and political subdivisions that can afford to pay more.

We all know that property tax is high but, with that we should also acknowledge that depending on which statistics you look at overall North Dakota ranks near the bottom of overall per capita tax burden nationwide. I can't speak for the rest of the State but, I don't hear in Jamestown complaints that our property tax rate is due to rampant over spending by political sub-divisions but, more related to high costs and competition for a limited labor supply.

A short trip back in time demonstrates how bad ideas can be set aside when we all work together. Individuals from political sub-divisions, the state, private industry and others worked together to defeat Measure 4 which would have brought chaos to our state and it's political sub-divisions. That lesson on working together was apparently lost on those who framed the 3% cap included in this bill which if passed will bring chaos to many if not most political sub-divisions .

Many of us have been in positions of leadership in business, the military as well as in elected or other positions in the government. In my experience punting is often an act of failed leadership. The 3% cap idea is punting because of failure of leadership taking the necessary time to properly evaluate their teammates, the issues and objectives at hand as well as the opposition to come up with a workable plan for the success of the Team As A Whole. Instead, it appears leadership chose to punt to temporarily get themselves out of a difficult spot for which they have no good or viable plan. There was I am told no evaluation of city budgets, no comparisons between the various political sub-division or for that matter with private industry but, rather just pulling a number out of the air. The number grabbed happened to be 3%. I am confident that this method is not taught in any school of leadership.

Here in Jamestown, I believe we have been very frugal. If you question that I invite you to poll our City employees. Our general fund budget has increased about 4.5% annually over the past 10 years. With what is now going on in Washington it is anyone's guess where we go from here. We cannot control the cost of goods, equipment and supplies we are required to purchase. We cannot wish the facts away. The cold hard truth is that now facing almost certain high inflation to hold the line where we have at 4.5% would be a major challenge.

I would ask that to make this Good Bill a Great Bill that a tie to CPI or some other formula be added. There is no sense doing something we all know is unworkable. We worked together to prevent chaos last year, let's do it again this year.

I know your jobs are difficult as they are for those of us in the political sub-divisions. Your efforts are truly appreciated. Thank you for your time and consideration.

Regards,

Dwaine Heinrich

Dwaine Heinrich, Mayor
City of Jamestown

Encl; Valuation Sheet

City	Population	2023 Taxable Value	Valuation Per Capita	Per Capita Rank
Wahpeton	*8,014*	*$25,209,370*	*3,146*	*1*
Devils Lake	*7,161*	*$23,186,906*	*3,238*	*2*
Valley City	*6,563*	*$22,469,981*	*3,424*	*3*
Jamestown	*15,754*	*$56,290,551*	*3,573*	*4*
Grand Forks	*59,166*	*$277,120,261*	*4,684*	*5*
Minot	*48,377*	*$235,672,185*	*4,872*	*6*
Williston	*29,749*	*$148,085,191*	*4,978*	*7*
Mandan	*24,654*	*$124,190,171*	*5,037*	*8*
Dickinson	*25,679*	*$133,244,581*	*5,189*	*9*
Fargo (School District #1)	*126,748*	*$800,115,958*	*6,313*	*10*
West Fargo	*40,538*	*$256,044,339*	*6,316*	*11*
Bismarck	*74,445*	*$495,784,950*	*6,660*	*12*

TESTIMONY ON HB 1176
SENATE FINANCE AND TAX COMMITTEE
3/10/2025
By: Adam Tescher, School finance Officer
701-328-3291
North Dakota Department of Public Instruction

Chairman Weber and Members of the Committee:

My name is Adam Tescher, and I am the School Finance Officer with the Department of Public Instruction. I am here to provide information regarding HB 1176.

House Bill 1176 seeks to introduce a cap on property tax increases for local governments, including school districts, restricting annual increases to 3% unless approved by voters. While this initiative aims to provide taxpayers with relief and greater predictability, it is essential to examine the potential effects on school district funding.

The school district funding formula depends on property tax revenues to calculate state aid payments and to ensure schools are funded adequately and equitably. If the ability of school districts to levy property taxes is capped, it would be prudent to adjust the Integrated Funding Formula in NDCC 15.1-27 to reflect this proposed limitation. Such revisions would be needed to preserve adequate and equitable funding for school districts that experience growth above the limitation.

Chairman Weber and Members of the Committee that concludes my prepared testimony and I will stand for any questions that you may have.

North Dakota School Study Council Neutral Testimony of HB 1176 – Property Tax Relief

Chairman Weber and Members of the Committee,

Thank you for the opportunity to provide testimony on HB 1168, which addresses property tax relief. My name is Paul Stremick and I represent the North Dakota School Study Council.

Many patrons seem most concerned about relief for their primary residences, which is an important consideration. HB 1176 addresses the issue of the primary residence quite well.

While I understand the intent of HB 1176 to provide property tax relief, I am particularly concerned with how it applies to the broader impact it may have on school funding. The proposed caps in HB 1176 present significant challenges for school districts. These caps could have a major negative impact on the school funding formula, limiting the ability of districts to maintain high-quality education programs. School districts that have been responsible stewards of taxpayer money should not be penalized for their efficiency and sound financial management. The funding constraints imposed by these caps could hinder their ability to meet the needs of students, recruit and retain quality educators, and sustain essential services.

I urge the committee to carefully evaluate the long-term implications of HB 1176 on public education and consider alternative solutions that provide tax relief without jeopardizing school funding. I appreciate your time and consideration of these concerns and welcome any questions or opportunities to further discuss this issue.



Dr. Paul Stremick

Senate Finance and Taxation Committee

I am opposed to HB1176 in its current form. We all know tax relief is needed in ND, the money is there so why not do so. The problem is our state has a spending problem, ask the grassroots measure 4 people and many more. Our constitution clearly states our schools are to be 100% total funded by our government that is very clear, so why are we not doing this? You are our elected officials that we voted in to represent us, you took an oath to uphold the constitution. Give the people of ND true tax reform, PLEASE VOTE NO on HB1176. You can do better than this.

Thankyou Doug Pearson

HOUSE BILL NO. 1176
SENATE FINANCE AND TAX COMMITTEE
MARK WEBER, CHAIR
TESTIMONY IN SUPPORT OF SECOND ENGROSSED HOUSE BILL 1176
MARCH 17, 2025

Chairman Weber and members of the Senate Finance and Taxation Committee. My name is Parrell Grossman, and it is my privilege to be the Legislative Director for the North Dakota Soybean Growers Association. I appear in support of Second Engrossed House Bill 1176, with amendments.

The Association advocates for more than 8,900 operations that raise soybeans in North Dakota. In 2024, North Dakota soybean farmers planted 6.6 million acres of soybeans, producing over 245 million bushels of soybeans in North Dakota.

The agricultural economic impact in North Dakota. NDSU's 2024 North Dakota Agriculture Industry Economic Contribution Analysis reported that the economic contribution to North Dakota is $41.3 billion, including $26 billion from direct output and $15.3 billion from secondary output. The report also concluded that this economic contribution included 46,620 direct jobs and 76,740 secondary jobs for total jobs of 123,360.

The House passed Engrossed Bill Nos. 1168 and 1575 be, and Second Engrossed Bill No. 1176, believing all the Bills have some merit. The House wanted them to "stay alive," despite knowing that, in the end, the Senate could defeat some or all of the Bills or possibly merge the best parts of each Bill. Respectfully, you have a daunting task with your decisions.

The Association and our agricultural commodity groups or friends are aware that, with the recent defeat of Measure 4 in the rearview mirror, property owners are expecting property tax relief. No doubt, citizens with primary residences are eagerly anticipating the primary residence property tax credit that the Governor and legislators promised.

The Association appreciates that you will want to, and should, deliver this tax credit. Nonetheless, agricultural landowners, most of whom answer to the names of "farmers" or "ranchers," also would appreciate the same consideration with some property tax relief. It's a matter of fairness and equity and these agricultural landowners are entitled to some measure of property tax relief, too.

As this Committee is aware, the Association also supports Engrossed House Bill 1168 because it provides property tax relief to primary residential, agricultural, commercial, and centrally-assessed property owners.

Engrossed House Bill 1168 would complement Second Engrossed House Bill No. 1176 if both are enacted, possibly with some adjustments.

Thank you very much as you listen to testimony that undeniably is duplicative and must sound like a broken record from the 1960s era. Thank you for the patient, considerate, and thoughtful manner in which you, nonetheless, listen to our testimony. In the end, we are only trying to deliver the message, the ask, that our constituents with agricultural property, your same constituents, are asking you to do.

For the reasons stated, the Association respectfully asks the Senate Finance and Taxation Committee to give Second Engrossed House Bill 1176 a "Do Pass" recommendation, with the requested amendments.

Thank you for your attention and consideration and I will try to answer any questions.

CASS COUNTY GOVERNMENT

Finance Office

Telephone: 701-241-5600
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SMB-FIN@casscountynd.gov

TESTIMONY ON HOUSE BILL NO. 1176

Senate Finance and Taxation

March 16, 2025

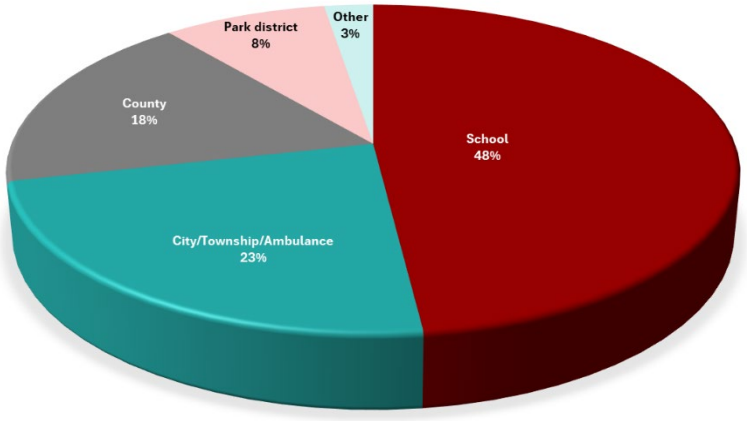
Chairman Weber and members of the Senate Finance and Taxation Committee:

My name is Brandy Madrigga, and I serve as the Finance Director for Cass County, as well as a member of the Auditor/Treasurer's Legislative Committee. I am grateful for the opportunity to provide a testimony on House Bill 1176 and to share insights on the potential impact of a tax cap on our rapidly growing county.

First, I would like to express my sincere appreciation to the legislature for its ongoing efforts toward property tax reform and relief. I recognize the complexity of this issue and the challenge of finding a balanced solution that meets the needs of property owners, the state, and local governments. As auditors across North Dakota can attest, we witness firsthand how rising property tax bills can strain residents and, in some cases, affect their ability to remain in their homes.

Property Tax Distribution in Cass County

The county is responsible for preparing and distributing property tax bills on behalf of all taxing districts that have authority over the property.



On average, school districts represent nearly half of each property tax bill in Cass County, followed by cities, townships, and ambulance districts, which account for approximately 23%. The county itself typically represents 18% of the total property tax bill, while park districts can make up as much as 8%. The remaining 3% is attributed to various other taxing districts.

While not directly addressed by any of the tax reform bills this session, another significant challenge for property owners are the special assessments—particularly those affecting long-established homes. As new developments rapidly expand around existing properties, the special assessments for these developments often impact homeowners who have lived in the area for years. Additionally, when local governments replace infrastructure, the costs of these improvements can be passed onto existing

property owners via special assessments. As the county auditor responsible for the foreclosure process, I do encounter cases where new special assessments have been a contributing factor to the foreclosure. Given that a property tax cap would limit a local government's ability to invest in new infrastructure, I am concerned that property owners may face higher special assessments as a result.

While I am supportive of whichever tax relief measures the legislature deems appropriate and achievable, my experience as County Auditor has led me to conclude that the most beneficial outcome for property owners would be relief or reform that results in eliminating school taxes and special assessments from the property tax bill.

Tax Caps

While a budget cap may seem like an effective tool for controlling local government spending, it could have significant consequences by limiting local control and hindering the ability to provide essential state-mandated services, respond to growth, and manage emergencies effectively.

Local governments have received a clear message from the legislature that budget caps will be implemented, with the primary debate now focused on the specific cap level. In response, some proposals have suggested using factors such as the Consumer Price Index (CPI) and population growth to determine budget increases over the “adjusted year levy.” A cap allowing for a maximum increase of 6% is more feasible than a fixed 3% cap; however, a tax cap in any form will significantly impact the county’s ability to provide mandated services and hinder our capacity to expand services to meet the needs of a growing population.

Using CPI provides a standardized measure of inflation, but it doesn't fully reflect the specific costs incurred by local governments. While CPI tracks the cost of consumer goods and services, it overlooks key government expenses such as personnel wages & benefits, infrastructure maintenance, and public safety, which often rise at higher rates. As a result, CPI may not accurately capture the unique financial pressures local governments face.

It is essential to consider population growth on top of the adjustment for new taxable properties when evaluating a local government’s budget. While new properties often signal economic growth, and increased revenue, population growth can drive higher demand for services, infrastructure, and development. This increased demand places additional strain on resources such as public safety, county services, and roads & bridges. Therefore, it is critical that local governments be authorized to balance the expansion of taxable properties with the pressures of a growing population to ensure that development remains sustainable, and infrastructure remains adequate for our residents.

Examples of Substantial Inflation:

- Construction Costs have been averaging 7% a year since 2005
- Equipment has been increasing between 5% to 10%
- Microsoft Renewal has increased by 17%
- Computer Equipment increases by 12% a year
- Subscriptions & Licenses increasing by 5% to 11%
- Fleet Vehicle costs have increased by over 20%-31% since 2021.
- Insurance costs have increased by over 20%
- Salaries increase by 5.4%

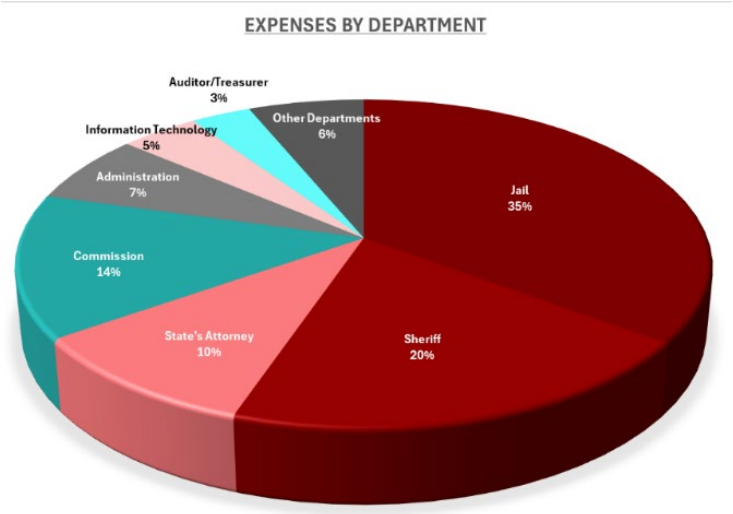
Fiscally Responsible Government & Adjusted Base Year

Cass County is a Home Rule Charter County with a maximum mill levy of 75 mills. Currently, Cass County prides itself on maintaining a mill levy of just 45 mills, well below the maximum. As property valuations in the county have risen from $670 million in 2016 to $1.3 million in 2024, the county has successfully reduced its mill levy from 57.42 mills to 45 mills. This achievement is made possible by the county's ability to adapt and respond to operational needs each year. This is only possible through the uncapped flexibility provided by the current Century Code.

Unfortunately, Cass County's previous fiscal restraint will turn into a detriment under the proposed base year calculation prescribed in HB1176. Cass County's "Adjusted Year Levy" will commence with a deficit of $6.9 million. This is due to the county's efforts to maintain a General Fund balance of 17-25% of the following year's operating budget, as well as the absence of election-related expenses ($1.1 million) in the 2025 budget. The majority of this deficit stems from costs associated with the first year of the jail expansion, which included 29 new full-time employees and increased operating expenses.

Additionally, unfunded mandates introduced in this session will place further strain on the county's budget and limit our ability to maintain fiscal stability. For example, HB 1572 imposes the financial burden of printing property tax statements in color, expanding the statements from a single letter-sized page to a legal-sized page or even two pages, along with the costs of programming to add pie charts. For a county that prints and mails approximately 70,000 tax statements, the costs associated with this mandate will pose a significant challenge to manage within the limits of a property tax cap.

Areas of Priority



Cass County's top priority is public safety, and as a result, 66% of the county's budget is allocated to essential law enforcement and legal services. Specifically, 35% is dedicated to the Jail, 20% to the Sheriff's Office, and 10% to the State's Attorney's Office. The Cass County Sheriff's Office is one of the largest law enforcement agencies in the state, with staffing levels reaching approximately 277 employees following the jail expansion.

Salaries and benefits account for approximately 64% of the general fund budget. County staff receive annual step and cost-of-living adjustments (COLA), which collectively result in an average increase of about 5.4% per year. These increases are necessary to ensure that the county can retain skilled personnel and maintain the quality of essential services.

Impact on County Services

Underfunding county services will have long-term consequences on our ability to invest in and maintain critical infrastructure, as well as in building repairs and maintenance. These effects often become more pronounced over time, with an increasing infrastructure deficit that grows harder to address as it

expands. Limited investment in equipment and response vehicles could negatively impact county response times and the quality of services provided. Staffing levels will also be affected, potentially hindering our ability to keep pace with the growing population. As the county modernizes its operations, the demand for skilled personnel in areas like cloud management, cybersecurity, and data analysis will increase. Reduced funding could lead to overburdened staff, slower response times, and a lack of expertise needed to effectively implement and support emerging technologies.

Other Revenues

To address the common narrative that local governments have numerous revenue sources, it's important to note that Cass County's revenue is almost entirely derived from property taxes. The county focuses solely on providing services that are mandated by law, rather than offering additional services beyond those requirements.

Other revenue sources are limited and include fees for services, interest income, marriage licenses, wedding, subdivision permits, certified copies, and recording fees. However, many of these fees are nominal and subject to state-imposed limits. For example, the county cannot charge more than $30 for a marriage license.

In some cases, the county charges for services; however, these fees are intended to reimburse the county for the costs incurred while providing those services. For instance, the county is reimbursed for expenses related to administering a special election, or the sheriff's office enters into cost-sharing agreements when assigning deputies to schools. These agreements generally result in a net-zero financial impact, and in some instances, the county does not recover the full expense.

Mr. Chairman and esteemed members of the Senate Finance and Taxation Committee, thank you for your time and the opportunity to share insights on the substantial impact that tax caps will have on local governments. I appreciate your attention to this important issue.

Donald Flaherty
Mayor

Nicole Kempf
Auditor

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City of Ellendale

2025 Senate Finance and Taxation Committee
Honorable Senator Mark F. Weber, Chairman
North Dakota State Capitol

March 17, 2025

Dear Senator Weber and Members of the Senate Finance and Taxation Committee:

My name is Don Flaherty and I am the Mayor of Ellendale. For the record I am also the Director of Tax Equalization for Dickey County. I am writing to you today to provide neutral testimony to HB 1176.

I would like to focus my testimony of Section 22, Number 6 which starts on page 37, line 18 of the currently amended bill. This area deals with definitions for this section. I appreciate that the legislature is attempting to make sure that political subdivisions' property tax levying ability takes into account the changes that happen from year to year with regard to growth and contraction. My concern is that there is another area of property changes that is not being addressed. That area is the change in classification from one class of property to another.

Presently the proposed legislation only accounts for changes that happen due to a property being taxable/non-taxable, now construction/demolition and annexation/de-annexation. There are times when a property that undergoes this type of change also experiences a change in class between Agricultural or Residential or Commercial. When that type of change happens, there can be a drastic difference in valuation from one class to another. Two good examples are then a property becomes eligible or ineligible for a Farm Residence Exemption (FRE) and when a property, usually Ag Land, becomes developed because of an annexation.

For example, the average True & Full Value (T&F) per acre of Ag Land in my county is approximately $850/ac. Assuming this property sits on approximately 2 ac of land, and it is no longer eligible for the FRE, the structure would become taxable and therefore accounted for in the levy adjustment, but the land would have a change in class from Ag to Residential go from approximately $1,700 of T&F to $12,500. This is because commercial and residential land must have a T&F that is comparable to market value, whereas Ag land has a T&F that is based on productivity as currently outline in the Century Code. In my county that value is approximately 25% of the market value.

A similar situation occurs when Ag Land is annexed into a political subdivision. In that case, a property may be annexed but not immediately developed. The current value transfers and the levy is adjusted but the land must still be assessed in accordance with NDCC § 57-02-01 (1).
After a year or two the developer may start development of that land and now a class change is required. This will result in a substantial valuation change like my previous example that will result in a loss of levy adjustment for all of the political subdivisions involved.

Therefore, I would recommend that Section 22 of HB 1176 be amended by inserting the following on page 38, line 21 as a new number 6 a (4) with the remainder of the section being renumbered:

> "When property has a change in classification from the preceding taxable year compared to the current taxable year, the net amount levied in dollars must be applied as an increase or reduction, as the case maybe, by the amount of taxes that were imposed against the net taxable valuation of that property in the preceding year."

Respectfully Submitted,

Donald W. Flaherty
Mayor of Ellendale

"This institution is an equal opportunity provider and employer"

Senate Finance-and-Taxation Committee

I recommend a DO PASS for HB 1176

I will say it is something better than the last-minute appeasement of a $500 credit spilling over from last legislative session. This is not as big of a deal as the Representative from District 30 makes both last sessions bill and this proposed to be. HB 1176 is an increase but to call it significant reform without freezing taxes levied against valuations on a house, is a wordsmith at best. When a tax credit is available people do take advantage, but it is not true that it is considered a positive answer to the real relief that citizen's are starving for.

Now amending HB 1168 back up to the 60 mill buy down and passing HB 1176 would be more in line with what the thousands of citizens I have talked to are looking for and frankly expecting. In one of the wealthiest states per capita in the country, citizens, regardless of what the state says they have provided, have only seen their taxes go up. When I moved here my home state of Montana had property taxes double that of North Dakota and since living here we have become double over them, have extraction revenue, and sales tax. Real citizens wonder why? Why do we pay more for the intrusion of government and limited return on investment for services we get?

Mike Connelly

Bismarck Citizen

701-400-1839

{All comments are my opinion and not an official stance by any entity or organization!)

Lanny Kenner
District 7

Chairman Weber and committee members,

I am requesting a DO NOT pass on
HB 1176 in it's present form.

This bill would have to be renewed over and over again.

With this bill people “down on their luck” could lose their home even if it was paid off.

This bill would still have valuations for determining how much taxes to charge.

This bill would only cover primary residences.

This bill would be taking away local control by placing caps on local taxing. Caps should be placed on State spending instead! Measure 4 would not have taken away local control but this bill would! I find it hard to believe so many groups are for this bill when losing local control was one of the main reasons against M4 even though it was a lie!

Actually measure 4 would have taken care of all the problems I just mentioned.

The original version of HB 1168 would be a much better bill than HB 1176. At least 1168 would have gone by what the ND Constitution says by paying All of K through 12.

So in it's present form, HB 1176 is not nearly as good as it could be.
I know you all have a tough job and I hope you can put all the pieces together to make a worthwhile bill but please do not pass HB 1176 in it's present form. We do not want to have to do another initiative measure.

Thank you, Lanny Kenner

NDSBA
NORTH DAKOTA SCHOOL BOARDS ASSOCIATION
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HB 1176
Testimony of Amy De Kok
Senate Finance & Taxation Committee
March 17, 2025

Chairman Weber and members of the Senate Finance & Taxation Committee, my name is Amy De Kok. I am the executive director of the North Dakota School Boards Association. NDSBA represents all 168 North Dakota public school districts and their governing boards. I appreciate the opportunity to provide testimony on HB 1176. NDSBA recognizes and supports efforts to provide additional property tax relief and reform to North Dakota taxpayers. We acknowledge that North Dakota ranks fourth in the nation for the lowest property tax burden and ninth overall in terms of tax system efficiency. We appreciate the Legislature's ongoing commitment to balancing taxpayer relief with the financial needs of local governments, including our public schools.

However, NDSBA has concerns with certain provisions within HB 1176, specifically those found in Section 18, starting on page 28. These provisions propose caps on local government levies, a uniform limitation that does not adequately account for the unique position and constitutional obligations of North Dakota's public school districts.

Under the state's school funding formula, school districts are required to levy 60 mills as their local share, which is deducted from their state aid payment. Over the past several legislative sessions, the Legislature has made significant efforts to refine the state funding formula, eliminating transition minimums and ensuring that all school districts move onto the standard formula. These efforts have been successful and will result in all schools being on the formula and levying the full 60 general fund levy mills by the end of 2025.

If school districts are included in the levy cap limitations set forth in HB 1176 and property tax valuations increase by more than 3%, schools will be unable to levy the full 60-mill local share. This would create a funding gap similar to the transition minimums that the Legislature has worked diligently to eliminate, leading to unintended financial shortfalls for public education. This will likely require the state to backfill the gap to the tune of tens of millions of dollars, which would only increase over time.

We encourage the Committee to consider incorporating provisions from HB 1168, which exempt public school districts from the levy caps and instead provide tax relief and reform through a general fund mill levy

buydown. This approach would ensure property tax relief without disrupting the critical funding mechanism for North Dakota's public schools.

Thank you for your consideration of our concerns. We look forward to working collaboratively with legislators to refine this legislation in a manner that preserves taxpayer relief while ensuring the sustainability of our public education system.

Testimony on House Bill 1176

Brenton Holper- City Administrator, Horace

3/17/2025

Chairman Weber, members of the Senate Finance & Taxation Committee:

Thank you for the opportunity to testify regarding HB 1176. My name is Brenton Holper, City Administrator/Auditor for the City of Horace. I'm here to express concerns regarding HB 1176 as currently written.

Horace is one of the fastest growing cities in North Dakota. In 2024, our growth for single family residential building permits represented over 17% of those issued within the entire state. With this growth comes tremendous challenges in being conscious of property taxes for our residents, while still being able to provide relief when we've been able to. Within the 2024 budget, our City Council was able to reduce the mill rate for our residents. We pride ourselves in being conscious of our mill rate, while keeping a lean staff and building our reserve funds (that were non-existent as recent as 2018) when revenues are positive. We are mindful that we do not levy a property tax that goes beyond the needs of the community.

Although we have concerns regarding HB 1176, we're focusing on just the ones that would most impact our community. These include:

- The 3% cap
    - This would significantly reduce our ability to keep up with both inflation and be able to address the core services that we would be able to provide residents.
    - Over the last 5 years, the average CPI has been approximately 3.8%. A strict 3% cap would mean we would be starting in a deficit.
    - Regarding City employees, we've already been given a heads up that the group health insurance premium is expected to increase at least 12% this year.
- Secondary impacts, due to our relationships with other local government entities such as Cass County (Sheriff and Assessor responsibilities).
    - Like many other communities across the State, the City of Horace partners with Cass County for law enforcement and assessing services with a cost share component. If Cass County faces a significant reduction in property tax revenues, they will be forced to reduce partnerships and/or increase the cost assessed to the City of Horace.
- Credit rating downgrades
    - If the ability to levy property taxes by jurisdictions are limited, we face the prospect of credit rating downgrades from agencies such as Moody's. This in turn would result in higher interest rates on bonds, and higher special assessment interest rates to residents.

A few suggested revisions to HB 1176 include:

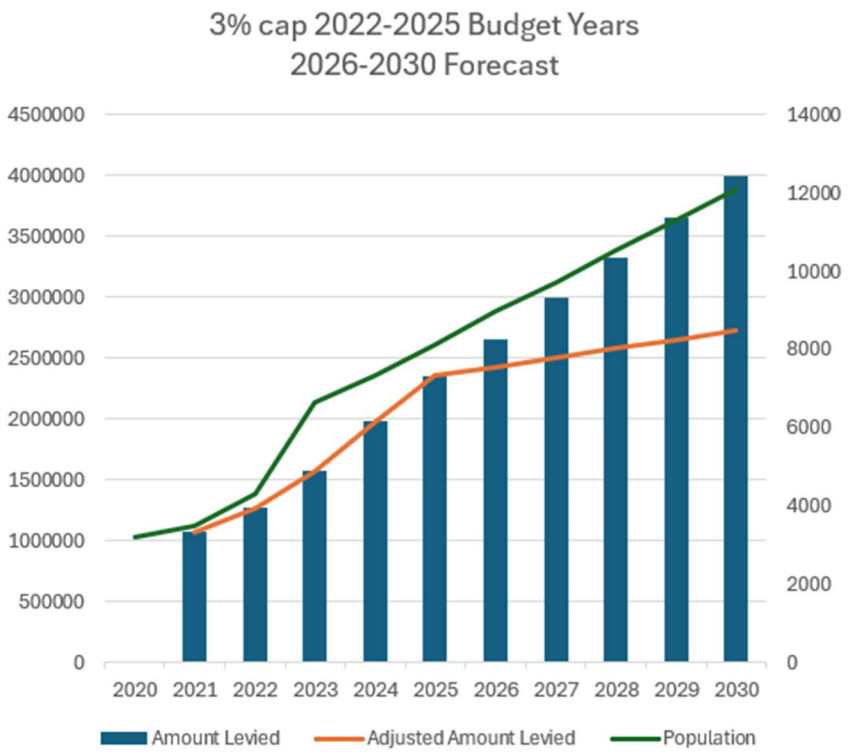
- Consider a cap based on the CPI + 2%, with a ceiling of 6% and a floor of 2%. This would help with accounting for services in growing communities, while still providing meaningful reform.
- Allow cities to recognize 50% of the percentage annual growth in addition to the CPI + 2% formula, but not to exceed the ceiling of 6% (i.e. if CPI is 1%, CPI + 2% = 3%; the community grew 6%, half of that growth is an additional 3% for a total allowable increase of 6%).

City of Horace 2026-2030 example

We have compiled an example of what our projections are based on historical trends regarding property tax levies over the next 5 years, looking at both a 3% cap and a max of a 6% cap.

3% cap:

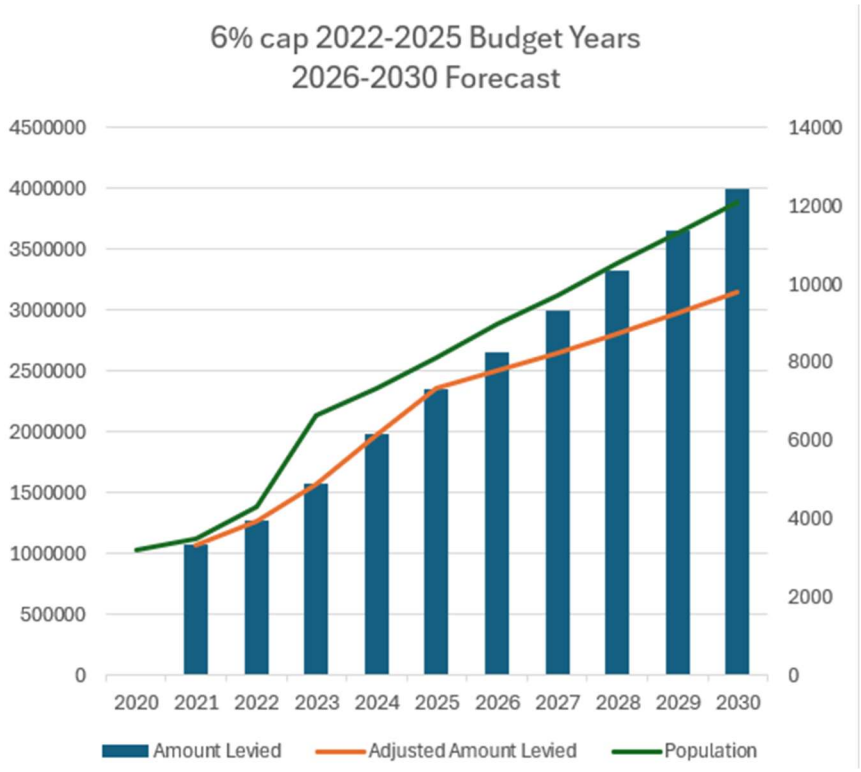
Budget Year	Amount Levied	djusted Amount Levie	Population
2020			3200
2021	$ 1,073,267.00	$ 1,073,267.00	3500
2022	$ 1,268,241.00	$ 1,268,241.00	4300
2023	$ 1,575,565.00	$ 1,575,565.00	6655
2024	$ 1,980,904.00	$ 1,980,904.00	7344
2025	$ 2,358,178.00	$ 2,358,178.00	8132
2026	*$ 2,661,986.00*	*$ 2,428,923.34*	*8962*
2027	*$ 2,994,590.00*	*$ 2,501,791.04*	*9731*
2028	*$ 3,327,194.00*	*$ 2,576,844.77*	*10526*
2029	*$ 3,659,798.00*	*$ 2,654,150.11*	*11325*
2030	*$ 3,992,402.00*	*$ 2,733,774.62*	*12112*



Historically, we've been levying less property tax than our population growth. This data reflects a $3.74 million loss in potential revenue. Factoring in the allowed growth, about $1mm-1.25mm can be recovered.

6% cap:

Budget Year	Amount Levied	djusted Amount Levie	Population
2020			3200
2021	$ 1,073,267.00	$ 1,073,267.00	3500
2022	$ 1,268,241.00	$ 1,268,241.00	4300
2023	$ 1,575,565.00	$ 1,575,565.00	6655
2024	$ 1,980,904.00	$ 1,980,904.00	7344
2025	$ 2,358,178.00	$ 2,358,178.00	8132
2026	*$ 2,661,986.00*	*$ 2,499,668.68*	*8962*
2027	*$ 2,994,590.00*	*$ 2,649,648.80*	*9731*
2028	*$ 3,327,194.00*	*$ 2,808,627.73*	*10526*
2029	*$ 3,659,798.00*	*$ 2,977,145.39*	*11325*
2030	*$ 3,992,402.00*	*$ 3,155,774.12*	*12112*



This data reflects a $2.55 million loss in potential revenue. Factoring in the allowed growth, about $1.25mm-1.5mm can be recovered.

Comparing the two sets of data, reform and relief are both meaningful and evident, however working with a $1.05mm deficit rather than $2.5mm is a lot easier to navigate for all cities and counties, and especially Horace with its lean staff and operations.

We urge this committee to implement a cap based on CPI + 2%, along with a recognition of 50% of the percentage annual growth, with a ceiling of 6% and a floor of 2%. Thank you for your time and consideration.

Senate Finance and Taxation Committee

03/17/25

HB 1176

Thank you, Chairman Weber and members of the committee, for the opportunity to speak today on behalf of small businesses in support of property tax relief and reform.

I represent NFIB, the nation's largest small business advocacy organization. We are dedicated to empowering and advocating for small businesses in our state. We serve thousands of small business owners who are the backbone of our local economy, providing jobs, services, and products that our communities rely upon every day.

In a recent poll conducted among our members, an overwhelming majority expressed strong support for property tax relief and reform. Rising property taxes place a huge burden on small businesses, stifling growth and innovation and making it difficult for them to compete and thrive.

Our small business owners are committed to their communities and want to see them flourish. However, the rising property taxes often forces them to make tough decisions—whether it's cutting jobs, forgoing expansion opportunities, or even considering relocating their businesses to more tax-friendly states.

We believe that meaningful property tax relief and reform will provide much-needed relief to these businesses, enabling them to reinvest in their operations, create more jobs, and contribute even more significantly to our state's economy.

Your support in this endeavor is crucial to ensuring that our small businesses can continue to be a vital part of our community's fabric.

On behalf of NFIB and our members, I ask you to give a Do-Pass recommendation to House Bill 1176. Thank you for your time and consideration.

Neutral Testimony HB 1176
Presented to the Senate Finance and Taxation Committee
Prepared by Bernie Dardis, Mayor, City of West Fargo
Monday March 17, 2025

Chairman Weber and members of the Senate Finance and Taxation Committee,

Please accept this testimony on behalf of the City of West Fargo. We support the North Dakota League of Cities' proposed amendment on House Bill 1176 to update the property tax cap to 2% + CPI. Costs to our cities are heavily tied to inflation, most notably the cost of salaries and benefits, equipment, and construction. Capping property tax could significantly hinder our future growth and our ability to provide the necessary services for our residents.

For example, we recently built a new Fire Station that has significantly reduced response times and made room for the hiring of additional Firefighter/EMTs. If a 3% cap had been in place in 2021, we could not have funded the construction of this new station, or the hiring of additional staff to meet the needs of our rapidly growing population.

If there is no desire to make an adjustment to the 3% cap, we recommend the consideration of an amendment to allow political subdivisions to double the new growth valuation to the base property value each year.

With a property tax cap, revenue from new growth declines year over year as the mill rate decreases. However, the costs associated with infrastructure and servicing growth in residential and commercial property increase annually.

Changes that are required to meet the demands of new growth aren't all realized in the year a property is built. It takes time to build out street and utility infrastructure, we need to increase our fleets of garbage trucks and snow removal equipment; public safety needs grow as a city grows, and new officers and firefighters need to be added. These are not one-time costs.

By allowing political subdivisions to double new growth value to our base along with the 3%, we can better address rising costs over time. This proposal helps ensure that the bill does not unintentionally hinder the growth our state has worked hard to achieve. It will provide significant benefits to rapidly expanding communities while maintaining a stable base for those with steady populations.

We hear the call from residents to find solutions to rising costs, and we are supportive of this effort for property tax relief and reform. We also want to emphasize that all cities and counties have vastly different needs. It is difficult to take a one-size-fits-all approach to finding a solution for property tax reform. This is why we recommend one of the two proposed amendments above to find a compromise that helps our residents feel relief, while ensuring we can provide them with essential services at the highest quality.

Thank you for your time and consideration.



Bernie Dardis, Mayor
City of West Fargo
bernie.dardis@westfargond.gov

Support HB1176

Senate Finance and Taxation Committee

March 17, 2025

Chairman Weber and Committee Members,

I am Larry Syverson from Mayville. I grow soybeans on my farm in Traill County. I am the Chairman of the Board of Supervisors for Roseville Township in Traill County and the Executive Director of the North Dakota Township Officers Association. NDTOA represents 6,000 Township Officers serving more than 1,400 dues-paying member townships.

NDTOA supports property tax reform and reduction. However, we have concerns with the several bills under consideration in that none of them take into account the unique nature of township government. The residents of a township are not just spectators of the budget process but are active participants that hold the power of approval over the adopted budget and resulting tax levy.

Each March, townships hold their annual meeting (58-04). A newspaper notice at least ten days prior alerts the residents of the meeting (58-04-01). The board of supervisors recommends a budget and submits it for approval; any resident may move to change the budget or move its approval. The electors then vote on that motion. Thus, the budget submitted to the county for the township is already the product of an election at the township's annual meeting.

***57-15-19. Township tax levies**. The electors of each township have power at the annual meeting to vote to raise such sums of money for the repair and construction of roads and bridges, and for all township charges and necessary expenses as they deem expedient, within the limitations prescribed in section 57-15-20, and on the fourth Tuesday in March, or within ten days thereafter, of each year, the board of supervisors of each civil township shall levy annual taxes for the ensuing year, as voted at the annual township meeting, and the tax levy must be limited by the amount voted to be raised at such annual meeting. The electors at such annual meeting may direct the expenditure of the road tax, or a part of it, in an adjoining township under the joint direction of the boards of supervisors of the townships interested and furnishing such funds.*

With additional notice, the township voters may consider further levy options.

57-15-20. Township general fund levy – Approval of increased general fund levy authority. *The general fund levy in a civil township, exclusive of levies to pay interest on any bonded debt and to provide a sinking fund to pay and discharge the principal of bonded debt at maturity, may not exceed the amount produced by a levy of eighteen mills on the dollar of the taxable valuation of property in the township.*

Upon approval of a majority of electors of the township voting on the question, a civil township general fund levy may be increased by an additional amount not to exceed the amount produced by a levy of eighteen mills on the dollar of the taxable valuation of property in the township. The increased levy under this section may be made only if notice of the question of the approval of such levy has been included with or upon the notice of the annual meeting provided for in section 58-04-01. An excess levy approved by electors of a township under chapter 57-17 before January 1, 2015, may continue to be imposed for five taxable years or the period of time for which it was approved by the electors, whichever is less, under the provisions of law in effect at the time it was approved. After January 1, 2015, approval by electors of increased levy authority under this section may not be effective for more than five taxable years.

57-15-20.1. Excess levies in townships - Authorization for more than one year. *The board of township supervisors may submit the question of authorizing an excess levy for not to exceed a total of five years, provided the notice of election and the ballot upon which the authorization for the excess levy is submitted both contain the specific years for which such authorization is sought. Upon approval by the voters as provided in section 57-17-05, such excess levy may be levied for the years specified in the ballot.*

57-15-19.7. Township levy for emergency purposes.

1. *Upon approval of a majority of electors of the township voting on the question, a township may levy the number of mills necessary for the purpose of addressing natural disasters or other emergency conditions.*
2. *The levy under this section may be made only if notice of the question of the approval of the levy has been included with the notice of the annual or special meeting provided in chapter 58-04.*
3. *Approval by the electors of increased levy authority under this section may not be effective for more than five taxable years.*

NDTOA concerns:

- Voters in an election can only give a yes or no to a budget. Electors at a township annual meeting can rewrite the budget and resulting levy.
- Townships have never been part of the general or primary elections. Many townships are not even precincts; how would the county administer a general or primary election for a township budget?
- Counties might be dealing with dozens of ballot variations for townships
- The electors have already approved the township budget and resulting levy.
- Township budgets are approved in March; this may not fit with some timelines.
- Townships that levy less than 18 mills may be denied state funding. Townships need to budget high in March to cover the new valuations in October to ensure the levy meets the 18 mill requirement.
- HB1176 exempts township levies up to 18 mills. For those that are over 18 mills, are the first 18 mills exempt, or is the entire levy subject to the calculation?

Because of our several concerns, NDTOA requests that an amendment exempting local governments with small populations and small budgets be considered.

Chairman Weber and Committee members, thank you for allowing me to testify today. Please consider the concerns we have with these bills. That concludes my prepared statement. I will stand for any questions you might have.

Testimony in Support of **House Bill # 1176**
Senate Finance and Taxation Committee
March 10, 2025

Chairman Weber and members of the Senate Finance and Taxation Committee, my name is Joan Hollekim from Stanley, ND. I am currently serving as President of the ND County Commissioner's Association. I am a county commissioner for Mountrail County and serve on several other boards. I also am a past County Auditor.

In Regard to Property Tax Relief:

One of the many reasons I voted against Measure 4 was the fact that it provided property tax relief to large for-profit corporations. Another reason, I wanted property tax relief to be sustainable. Will property tax relief be sustainable especially for ND residents if the credit applies to large for-profit corporations which include the centrally assessed properties and maybe even extended to rural electric cooperatives as recently requested in testimony at the HB1575 hearing? There is no easy solution to tax relief, and it will not be resolved in one legislative session. This is why I support the primary residence property tax credit as I feel the residents of North Dakota should be the first to benefit from tax relief. Do I think there are other classes of property that deserve tax relief, absolutely. HB#1176 breaks down residential property into two categories, primary residential property and nonprimary residential property. What if this same concept was used for other classes of property (such as agricultural properties) making it certain that the implementation of each step of property tax relief is sustainable. My husband and I own two houses in Stanley, do I expect relief on both houses? No, I do not, one of the reasons I like the two classifications of residential property. In fact, I don't believe that 100% of my taxes should be covered by a residential property tax credit as I want all North Dakota residents to benefit from the wealth. I do not envy your job as no matter what relief may be approved by the legislators someone will be unhappy. Please know that I am appreciative of the fact that property tax relief is a top priority of legislators. Thank you for that.

In Regard to Property Tax Reform:

Sadly, there are taxing districts (not all) where the burden to the taxpayer has become unbearable. Have we studied the reason why some taxpayers are more overwhelmed with property taxes than others or are we just assuming all taxpayers are paying too much in property taxes? The ND Tax Commissioner has a great property tax lookup tool, it is obvious where some of the problems exist. Don't get me wrong, I do believe in property tax reform, but I do not feel it is fair to cap all taxing districts equally considering they are all unique. In fact, I do not feel it is necessary to place a cap (other than what is currently imposed) on many taxing districts. What reform does an essential ambulance or fire district need when the levy authority is authorized by the vote of the people and

their levies are already capped? HB#1176 was amended to allow townships to levy up to 18 mills. I agree with this exception but by making exceptions, are you agreeing that caps are not necessary for all taxing districts? Last week, I heard testimony requesting small cities be exempted from the 3% cap. I don't know the answer except the 3% cap is not a one size fits all and there may need to be more considerations for exemptions.

The ND Association of Counties recently compiled 2024-year data for counties. I personally like to look at the data for the general funds of taxing districts. If the 3% cap is implemented there will be several counties that will be limited to under $15,000 in additional property tax revenue to cover general fund expenses. This is even more concerning if there is little or no new growth in these same counties. Being a city resident, I am concerned that sewer and water rates will increase to cover costs that may be currently covered by property taxes. The concern is not for me but for those individuals living on a fixed income, especially those that already qualify for a Homestead Tax Credit. Imagine having a limited income and having to pay an extra $50 per month or perhaps more for increased water and sewer fees. This individual will see no relief as they will not get a Homestead Tax Credit on their water and sewer bill. In many cases, a tax cut (or restriction) in one area only shifts the tax to another area. Fee increases may be the only feasible way for some cities to increase revenues to meet budgetary expenses, especially in cities that have little or no growth or where a sales tax would generate very little revenue.

I recognize we need a starting point to property tax reform; local officials also need to be held accountable, but we need to recognize that local taxing districts are not exempt from continual inflationary costs and many times these costs are more than 3%. Please consider allowing a little more flexibility than the 3% cap.

Measure 4 opened a lot of eyes; I hope that all levels of government will work together to provide tax relief to the taxpayers. Thank you for your past and continued support to assist local taxing districts with the continually increasing costs of providing quality services and programs. Also, thank you for the opportunity to speak on HB#1176. Are there any questions on my testimony?

Joan Hollekim
PO Box 601
Stanley ND 58784
Cell - 701-629-9669

Examples of Inflation in North Dakota Cities

		2019	2020	2021	2022	2023	2024	2025
Equipment								
	Motor Grader	$ 250,000.00			$ 298,825.00		$ 393,925.00	
	Loader		$ 181,821.00				$ 240,721.00	
	Plow for a Loader	$ 13,500.00					$ 31,000.00	
Public Safety								
	Fire Truck		$ 458,708.66	$ 518,862.50	$ 851,200.00		$ 901,510.00	
	Squad Car		$ 32,147.19	$ 34,965.38	$ 38,526.05	$ 39,406.09	$ 46,715.48	
Street Maintenance								
	Crack Sealing (per linear foot)		$ 0.54	$ 0.65	$ 0.67	$ 0.72	$ 0.80	
	Pothole repair (SQ FT)		$ 4.72	$ 5.25	$ 6.90	$ 7.25	$ 8.30	
	Omega Mix				$ 12.61	$ 13.10	$ 14.50	
	PG58-28 Oil	$ 409.00	$ 495.00	$ 565.67	$ 993.00	$ 945.00	$ 725.00	
	Hot Mix	$ 60.00	$ 63.95	$ 65.20	$ 74.80	$ 75.30	$ 91.70	
	Tack Oil	$ 2.50	$ 2.60	$ 4.50	$ 4.50	$ 4.50	$ 4.50	
Employee Costs								
	Wage Increases		3.11%	2.61%	3.35%	3.96%	5.44%	
	Health Insurance (NDPHIT)				3.80%	8.49%	9.83%	7.88%

Comparison Costs of Similar City Projects

Mandan

20834 - 04/13/2020	Unit	Quantity	Unit Price	Total Price
Superpave FAA 43	TON	408	$ 78.90	$ 32,191.20
Remove and Relay Blended Material	SY	1500	$ 5.00	$ 7,500.00
Water Main - 8"	LF	400	$ 82.95	$ 33,180.00
Gate Valve - 8"	EA	3	$ 1,942.50	$ 5,827.50
1" - Service	LF	300	$ 42.00	$ 12,600.00
1" Curb Stop	EA	10	$ 262.50	$ 2,625.00
1" Service Connection	EA	10	$ 1,837.50	$ 18,375.00
Sidewalk Concrete	SY	100	$ 51.20	$ 5,120.00
Curb & Gutter - Type I	LF	100	$ 25.80	$ 2,580.00
				$ 119,998.70

23590 - 04/04/2024	Unit	Quantity	Unit Price	Total Price
Superpave FAA 43	TON	408	$ 120.00	$ 48,960.00
Remove and Relay Blended Material	SY	1500	$ 7.00	$ 10,500.00
Water Main - 8"	LF	400	$ 100.00	$ 40,000.00
Gate Valve - 8"	EA	3	$ 5,700.00	$ 17,100.00
1" - Service	LF	300	$ 38.75	$ 11,625.00
1" Curb Stop	EA	10	$ 660.00	$ 6,600.00
1" Service Connection	EA	10	$ 1,450.00	$ 14,500.00
Sidewalk Concrete	SY	100	$ 85.00	$ 8,500.00
Curb & Gutter - Type I	LF	100	$ 28.50	$ 2,850.00
				$ 160,635.00

Napoleon

21613 - 04/13/2020	Unit	Quantity	Unit Price	Total Price
Water Main - 6"	LF	400	$ 56.00	$ 22,400.00
Gate Valve - 6"	EA	3	$ 2,675.00	$ 8,025.00
1" - Service	LF	300	$ 50.00	$ 15,000.00
1" Curb Stop	EA	10	$ 1,200.00	$ 12,000.00
1" Service Connection	EA	10	$ 1,500.00	$ 15,000.00
				$ 72,425.00

23142 - 04/04/2024	Unit	Quantity	Unit Price	Total Price
Water Main - 6"	LF	400	$ 125.00	$ 50,000.00
Gate Valve - 6"	EA	3	$ 3,600.00	$ 10,800.00
1" - Service	LF	300	$ 75.00	$ 22,500.00
1" Curb Stop	EA	10	$ 1,750.00	$ 17,500.00
1" Service Connection	EA	10	$ 1,000.00	$ 10,000.00
				$ 110,800.00

Glen Ullin

19255 - 03/22/2018	Unit	Quantity	Unit Price	Total Price
Water Main - 6"	LF	400	$ 63.00	$ 25,200.00
Gate Valve - 6"	EA	3	$ 1,800.00	$ 5,400.00
1" - Service	LF	300	$ 29.00	$ 8,700.00
1" Curb Stop	EA	10	$ 740.00	$ 7,400.00
				$ 46,700.00

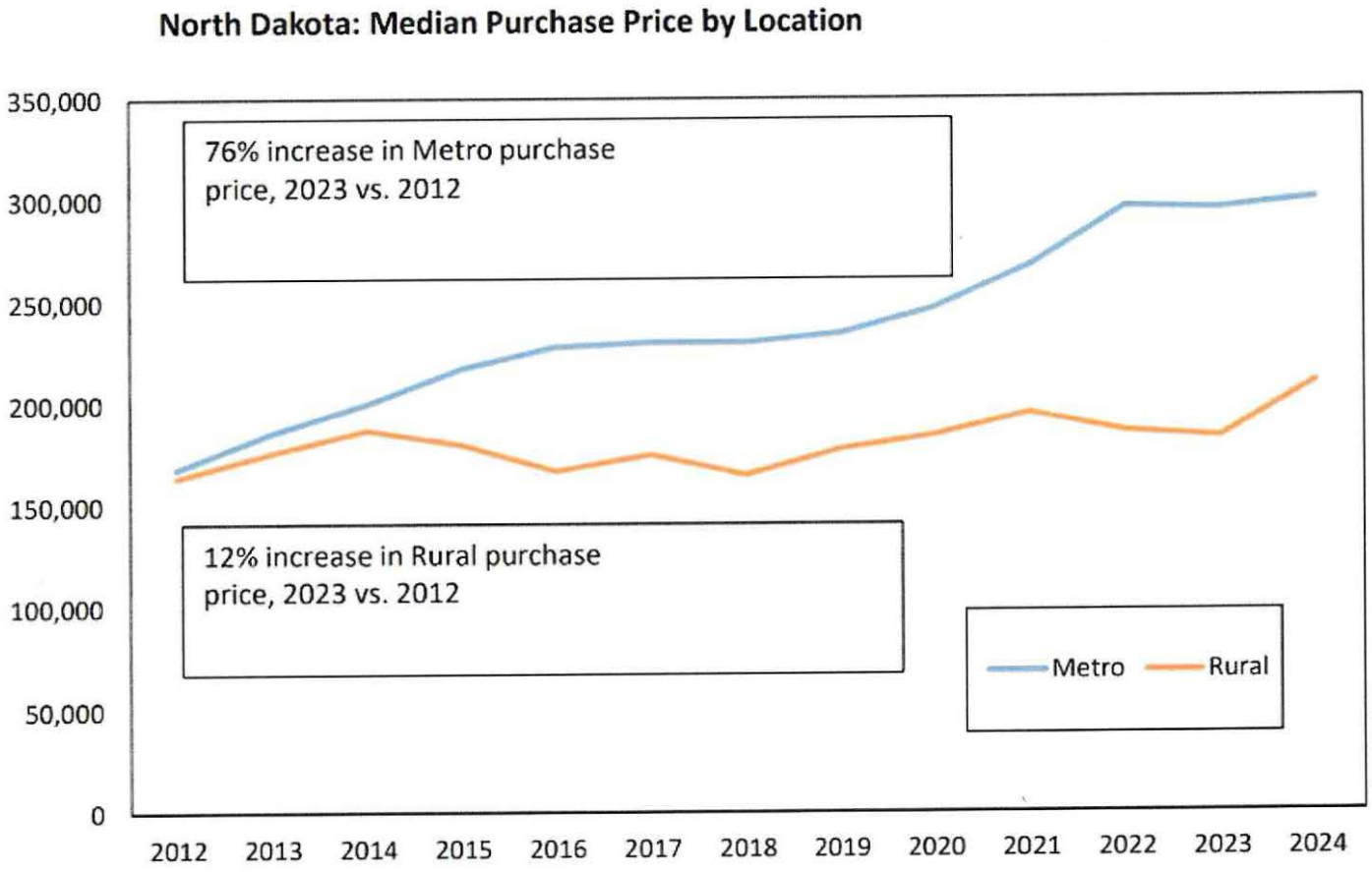
20692 - 01/31/2023	Unit	Quantity	Unit Price	Total Price
Water Main - 6"	LF	400	$ 112.00	$ 44,800.00
Gate Valve - 6"	EA	3	$ 3,640.00	$ 10,920.00
1" - Service	LF	300	$ 62.00	$ 18,600.00
1" Curb Stop	EA	10	$ 1,665.00	$ 16,650.00
				$ 90,970.00

Consumer Price Index for All Urban Consumers (CPI-U) - Midwest Urban

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2015	-0.3	-0.5	-0.9	-1.1	-0.8	-0.7	-0.5	-0.3	-0.8	-0.3	-0.2	0	-0.5	-0.7	-0.4
2016	0.8	0.4	0.5	0.8	0.8	0.8	0.4	0.6	1.1	1	1.2	1.8	0.8	0.7	1
2017	2.2	2.4	1.9	1.8	1.4	0.9	1.3	1.5	1.5	1.5	1.9	1.7	1.7	1.8	1.6
2018	1.6	1.7	1.8	1.8	2.3	2.5	2.4	2.1	1.9	2.2	1.4	1.3	1.9	2	1.9
2019	0.8	1.3	1.7	1.5	1.3	1.2	1.5	1.5	1.4	1.5	1.9	2.3	1.5	1.3	1.7
2020	2.5	2.1	1	-0.4	-0.4	0.4	0.7	1.1	1.3	1	1	1.1	1	0.9	1
2021	1.2	1.7	3	4.9	5.6	5.8	5.9	5.7	5.7	6.6	7.3	7.5	5.1	3.7	6.5
2022	7.9	8	8.6	8.2	8.8	9.5	8.6	8.1	8.1	7.4	6.8	6	8	8.5	7.5
2023	6	5.6	4.9	4.9	3.7	2.4	2.9	3.4	3.2	2.9	2.9	3.2	3.8	4.5	3.1
2024	2.7	2.8	2.8	2.8	2.7	2.5	2.7	2.6	2.5	2.6	2.6	3	2.7	2.7	2.7
2025	3.4														

North Dakota: Metro vs. Rural Comparison – Median Purchase Price (Nominal)

- **In 2012, rural and metro median home purchase prices were about the same ($164,000 and $168,000 respectively).**
- **Since then, rural home prices have increased much more slowly than metro home purchase prices.**
  - Over the period 2012 to 2023, rural home prices increased by 12%, while metro prices increased by 76% .



Source: AEI Housing Center, www.AEI.org/housing.

TAX FOUNDATION

Confronting the New Property Tax Revolt

Jared Walczak Vice President of State Projects

November 2024

Key Findings

- Property values have skyrocketed in recent years, rising almost 27 percent faster than inflation since 2020, which yields dramatically higher property taxes in jurisdictions that fail to adjust millages (rates) downward.
- Legitimate discontent over high property taxes is fueling a movement to significantly curtail or even eliminate the property tax, but many of the policy solutions offered, like assessment limits and tax swaps, create more problems than they solve, distorting property markets and undermining long-term housing affordability.
- Despite its unpopularity, the property tax is relatively economically efficient, and shifting to any alternative tax would harm economic growth.
- Well-designed levy limits can provide homeowners with much-needed relief from soaring property tax bills without the harms associated with other policy responses, and narrowly tailored circuit breakers can help ensure that low-income families are not priced out of their homes.
- The property tax is a tax worth saving—and therefore worth reforming. Policymakers should work to constrain the runaway growth of property tax liability witnessed in some parts of the country but should not overcompensate by eliminating or dramatically curtailing an economically efficient tax.

The Tax Foundation is the world's leading nonpartisan tax policy 501(c)(3) nonprofit.
For over 80 years, our mission has remained the same: to improve lives through tax policies that lead to greater economic growth and opportunity.

Finally, many states have tax deferral programs, allowing certain homeowners to defer property tax payments until a home is sold. Take-up of these programs tends to be limited, sometimes leading to the conclusion that they are not a policy success. But that may be the wrong way of looking at it. Low take-up suggests that, given existing relief mechanisms, relatively few taxpayers *are* at risk of having taxes price them out of their existing home—which would argue against sweeping policies affecting the entire housing market supposedly predicated on solving this problem. Meanwhile, to the extent that some households do face hardships, the deferral option is available to them.[33]

Implementing Levy Limits

Levy limits can be a good option for states seeking to constrain the growth of property taxes, but the details matter. For levy limits to work properly, they must be imposed at the correct level of government and the annual adjustment mechanisms must be well designed.

Some states have implemented levy limits at the state level, meaning that millages in every jurisdiction roll back based on the overall projected statewide increase in property tax collections due to rising property values. This makes little sense, as it provides insufficient relief in areas that are growing (and seeing values rise faster than statewide averages), and it creates perverse incentives for localities. The limitation should be imposed at the level of the responsible taxing jurisdiction—typically a county, city, or school district. State policy can create such limitations, but the limitation should apply to each taxing jurisdiction individually, not in statewide aggregate.

As previously noted, the appropriate measure for levy limitations is the anticipated tax liability for preexisting property. When property values are rising, the exact same set of properties will have higher tax liability year over year. The goal of a levy limit is to cap the amount of revenue that can be generated *from the status quo* by reducing millages accordingly. New construction should be excluded, because it *appropriately* brings in additional revenue, as the additional housing or commercial property creates new costs for the locality.

Policymakers also need to decide on an appropriate annual growth factor for that existing property. Typically, it will be inflation at a minimum, or perhaps inflation plus some additional amount of allowable growth—like 1 or 2 percent growth above inflation. Lawmakers must also decide what spending obligations, if any, can allow increases beyond the growth factor. But before we dive into that, let's take a step back and see how such a system works.

Imagine a small jurisdiction with 2,000 homes. (For the sake of simplicity in this example, we'll only consider homes, though commercial and industrial property matter as well.) In the first year, they collectively bring in $5 million in property taxes at that year's property tax rates. By the next year, 100 new homes have been built, bringing in an additional $300,000 in property taxes under existing rates. The preexisting 2,000 homes, meanwhile, have seen their assessed values rise, and they are now projected to bring in $5.6 million if rates do not change.

33 Youngman, 10.

If inflation were at 2 percent and this locality imposed a growth factor of inflation plus 2 percent, then rates would have to be adjusted to ensure that the *existing* 2,000 homes paid no more than $5.2 million. This would obligate a 7 percent reduction in tax rates. (If, for instance, the rate had been 10 mills previously, it would be about 9.3 mills in year two.) The additional revenue expected from the 100 new homes would *not* be part of this calculation, though they too would benefit from the lower rate and thus bring in a little under $280,000 rather than $300,000. Overall collections would rise from $5 million to about $5.48 million, whereas they would have risen to $5.9 million absent the limitation.

Many limitation laws stipulate that tax in the amount necessary to service certain debt, or to meet certain obligations, is not subject to the levy limit. This can make sense, but policymakers need to tread carefully if they wish to avoid gutting their own limitations. It may be reasonable to exclude debt service on revenue-producing improvement bonds, for instance, but if all bonds are excluded, this may render the limit ineffective. It may be necessary to allow taxes to rise above the otherwise limited amount if a locality incurs liability in litigation. It likely does not make sense, however, to allow a wide range of obligations—including pension contributions—to provide end-runs around the limits.

If a jurisdiction were up against a rate limit, local officials would not be permitted to raise the rate above that amount due to rising costs. They would be obligated to find other ways to balance the budget. It is reasonable for levy limits to impose roughly commensurate constraints.

Sometimes, however, a jurisdiction may have good reason to increase revenues above the allowable growth factor. Well-designed levy limits do not prohibit this. They make the increase transparent, and frequently put the decision in the hands of voters, who can decide whether to authorize an override. The beneficial effect of levy limits is to crack down on unlegislated tax increases that result from appreciation in property values, without anyone—local officials or the general public—ever casting a vote to raise taxes.

Finally, in crafting levy limits, lawmakers should avoid allowing a downward ratchet effect during economic downturns and should consider allowing local officials to "bank" some or all of the allowable increase they decline to use.

During a recession, property values often decline, typically rebounding in a few years. If a levy limit restricted revenue growth as the property market recovered, it could result in far less tax being collected on the same set of properties post-recovery compared to pre-recession. Levy limits are intended to constrain expansionary tax policies; they are not supposed to have a sharply contractionary effect. In designing levy limits, lawmakers should avoid this downward ratchet effect by applying the allowable growth factor against the last highest collections, not the previous year's collections, when there has been a decline in value.

Sometimes, moreover, local officials may elect not to take advantage of additional revenues. They may choose to reduce rates more than what is obligated by the levy limits, declining to capture the revenue growth allowed by the statewide formula. If the levy limitations are use-it-or-lose-it, this strongly incentivizes jurisdictions to take all allowable growth each year so that they do not reduce their capacity to increase revenues later. To avoid encouraging localities to always max out, lawmakers might consider allowing jurisdictions to "bank" at least some of the unused cap.

Good morning, Chairman Weber and members of the committee. My name is Kelly Armstrong, and I have the honor of serving as North Dakota's 34th governor. We've been meeting with legislators since June to listen to their ideas and develop a property tax plan that works, which is now reflected in House Bill 1176. But it only works if we have property tax relief and reform. This is the most aggressive, durable, and responsible plan to reduce property taxes. Several elements of the plan have been discussed extensively through the interim, but the overall framework is unique.

Our citizens are demanding property tax relief and reform. During my campaign, I visited with thousands of constituents from every corner of our state, and I can confidently say this is their top priority – so it should also be ours.

We know that what we've tried before hasn't worked as intended. The state has played an ever-expanding role in trying to reduce the property tax burden through mill buydowns, shifting the cost of social services from local to state, growing the funding share of K-12 education to 80%, and approving a $500 primary residence property tax credit last session. We need a new approach – and in House Bill 1176, we have one.

Here are the three main components:

- It will provide a property tax credit of $1,450 per year for each primary residence by using $74.7 million from the general fund and $398.4 million from the Legacy Earnings Fund. Using the Legacy Earnings Fund will grow the credit over time and, according to our conservative predictions, get us out of the general fund by next biennium.
- The reform piece is essential to this plan being sustainable and responsible. The bill caps future increases in local property tax budgets at 3% per year. They don't have to use the entire 3% increase every year. Whatever percentage they don't use each year, they can bank it for up to five years. This will encourage cities, counties, schools and park districts to budget prudently and plan ahead. If they have a big capital project looming but it won't be shovel-ready for three years, they can bank their increases for up to five years. We recognize there could be unintended consequences for smaller jurisdictions; in this bill, you will find a city or county can go to a vote of the people to remove the cap for four years at a time. This can only be done during a general election.
- The proposal will also expand eligibility for the homestead tax credit program to increase the income limit and the renter refund component of the program.

Homeowners will see a significant, immediate impact from this bill, and it will put the bulk of primary residences on a path to zero property taxes within the next decade. This will benefit our workforce recruitment efforts and make North Dakota an even better place to live, work and raise a family.

This bill provides real relief and real reform. It's responsible, achievable, and durable. It creates Legacy Fund buy-in. And it is the single most impactful thing we can do for our citizens this session. Thank you.

Actuals

Budget Year	Assessment Year	Mill Rate	Taxes Levied	Budget Change %	Taxable Value	New Growth	Value of New Growth
2021	2020	77.47	$ 14,543,270		$ 187,772,574	$ 6,842,224	
2022	2021	81.14	$ 16,170,468	11.19%	$ 198,649,775	$ 8,131,297	$ 629,932
2023	2022	79.99	$ 18,559,873	14.78%	$ 232,083,049	$ 9,433,898	$ 765,466
2024	2023	79.75	$ 20,418,074	10.01%	$ 256,044,339	$ 7,485,099	$ 598,733
2025	2024	79.20	$ 21,583,956	5.71%	$ 270,056,712	$ 5,556,770	$ 443,152

HB 1176 - Assuming 2022 Start (3% Cap + New Growth)

Budget Year	Assessment Year	Mill Rate	Taxes Levied (3%+ NG)	Taxable Value	New Growth	Value of New Growth	Budget Shortfall*
2021	2020	77.47	$ 14,543,270	$ 187,772,574	$ 6,842,224		
2022	2021	78.58	$ 15,609,500	$ 198,649,775	$ 8,131,297	$ 629,932	3.47%
2023	2022	72.47	$ 16,819,081	$ 232,083,049	$ 9,433,898	$ 741,297	9.38%
2024	2023	69.78	$ 17,866,100	$ 256,044,339	$ 7,485,099	$ 542,446	12.50%
2025	2024	69.58	$ 18,789,819	$ 270,056,712	$ 5,556,770	$ 387,737	12.95%
2026	2025	69.00	$ 19,751,858	$ 286,260,115	$ 5,725,202	$ 398,344	
2027	2026	68.43	$ 20,763,153	$ 303,435,722	$ 6,068,714	$ 418,739	
2028	2027	67.86	$ 21,826,227	$ 321,641,865	$ 6,432,837	$ 440,179	Projection uses 6%
2029	2028	67.30	$ 22,943,730	$ 340,940,377	$ 6,818,808	$ 462,716	Market Growth and 2%
2030	2029	66.74	$ 24,118,449	$ 361,396,799	$ 7,227,936	$ 486,407	New Growth

It takes until 2028 Budget to get funds required in 2025

Value of NG reduces with Mill Rate

	CPI*	Compounding CPI	Compounding 3%
2022	1.00%	1.00%	3.00%
2023	5.10%	6.15%	6.09%
2024	8.00%	14.64%	9.27%
2025	3.80%	19.00%	12.55%

*CPI is for year ending Dec 31 of previous calendar year

CPI + 2% (Not to exceed 6%) + NG - Assuming 2022 Start

Budget Year	Assessment Year	Mill Rate	Taxes Levied (Includes NG)	Taxable Value	New Growth	Value of New Growth	CPI*	+ 2	6% ceiling	Shortfall*
2021	2020	77.47	$ 14,543,270	$ 187,772,574	$ 6,842,224					
2022	2021	78.58	$ 15,609,500	$ 198,649,775	$ 8,131,297	$ 629,932	1.00%	3.00%	3.00%	3.47%
2023	2022	74.49	$ 17,287,366	$ 232,083,049	$ 9,433,898	$ 741,297	5.10%	7.10%	6.00%	6.86%
2024	2023	73.75	$ 18,882,157	$ 256,044,339	$ 7,485,099	$ 557,549	8.00%	10.00%	6.00%	7.52%
2025	2024	75.49	$ 20,387,110	$ 270,056,712	$ 5,556,770	$ 409,788	3.80%	5.80%	5.80%	5.55%

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Testimony
House Bill 1176
Senate Finance and Tax Committee
Monday, March 10, 2025
North Dakota Emergency Medical Services Association

Good morning, Chairman Weber and members of the committee. My name is Adam Parker. I am the co-chair of the North Dakota Emergency Medical Services Association Advocacy Committee. The Association must oppose HB 1176 as it jeopardizes the sustainability of rural ambulances services across North Dakota.

Last session, the legislature passed an important bill to require the organization of rural ambulance districts throughout North Dakota. N.D.C.C. 11-28.3 has been amended several times over the last four legislative sessions as Districts have been the predominate solution to address challenges faced by rural ambulance services. However, HB 1176 places significant restrictions on District's which, in turn, jeopardizes ambulance service sustainability.

First, it is important to understand how ambulance services are funded. There are essentially 3 funding streams: 1) Reimbursement, 2) REMSA Grant, 3) Local Subsidy (Property Taxes). The only mechanism an ambulance service has to increase revenue is to increase the local subsidy. It is also important to note that ambulance services have little ability to decrease services or costs in response to budget constraints.

The cost of delivering ambulance services has increased in North Dakota by 66% over the past 6 years. This is primarily due to ambulance services transitioning from volunteers to paid personnel. However, expense of equipment has doubled and tripled over the last several years which also contributes to this increased cost. Most ambulance services have to increase their local subsidy to account for this increase in cost, and this bill seeks to limit their ability to fund the ambulance operation.

We also have seen, and expect to see more, ambulance service closures in the coming years. When an ambulance service closes, the neighboring ambulance services must, by statute, take over response to the impacted area. A consequence to this statute is that cost increases to the ambulance services that must expand their geographical response area. In one recent ambulance closure, the neighboring ambulance service that took over a majority of the territory saw a 15% increase in operating costs directly attributable to taking over the new territory. It is unlikely that the tax revenue added from the annexed area would be sufficient to offset his increased cost. In the latest closure the added tax revenue did not offset the increased cost and the budget increase was over 3%. If HB 1176 were in existence at that time, it would have significantly impacted that ambulance services sustainability. This would not only impact the area of the closed ambulance, but also the area the ambulance service was always responsible for.

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HB 1176 allows taxing districts to exceed the 3% cap if approved at a general election. The requirement for this to occur at a general election is concerning. The district boundaries do not follow geo-political boundaries which makes administering elections problematic. At least twice in recent years ambulance services have had to withdraw from a general or primary election because it was discovered, typically the day before an election, that there is an issue that significantly disenfranchised voters that would have called into question the validity of any election results. Now, if such an issue occurs ambulance services would not have the ability to hold a special election, as they have in the other situations. Rather, they would try again in 2 years.

We understand the legislature must address property tax issues. However, we are very concerned regarding this bill and its impact on the future of ambulance services. Districts are already restricted to 15 mills and make up a relatively small portion of the property taxes levied, but that relatively small amount is essential to the sustainability of ambulance services. Therefore, we would first propose to be excluded from any bill which limits an ambulance districts ability to levy or increase its property tax levy. Alternatively, allowing ambulance districts the ability to continue special elections for the purpose of increasing their levy or exceeding the cap would alleviate some of the concerns.

The EMS Association is committed to working with this committee to find an amenable solution that does not jeopardize our rural ambulance services.

Thank you for the opportunity to testify, I would be happy to answer any questions you may have.

Good morning, Chairman Weber and members of the Senate Finance and Tax committee, for the record, my name is Mike Lefor, and I serve District 37 – Dickinson in the House of Representatives. I am here today to testify in support of HB 1176.

This bill puts forth a bold, sustainable approach to property tax reform while also allocating legacy fund earnings dollars to benefit present and future generations of North Dakotan's. First, the reform aspect includes a 3% cap on future spending on behalf of political sub-divisions while also giving these entities the ability to "bank" percentages not utilized in the cap.

For example, any political sub-division not using the full 3% increase in any given year have the amount not levied to be potentially be utilized in future years for a period of up to five years. If it is not used within the five-year time frame, that ability goes away.

Additionally, if the political sub-division believes that a 3% increase is not enough to fund their operations, they can go to a vote of their community to seek more funding.

Further, the bill provides for an increase of $950 per primary residence tax credit from the current level of $500.00 to $1450.00. The citizens of the state have responded well to this as an estimated 92% of those eligible have requested tax credit through the state tax department who did an outstanding job in making the people of the state know about the tax credit and be able to better recognize the primary residences of our citizens.

The dollars for this credit would be allocated from the general fund in the amount of $75 million and roughly $398 million from the legacy earnings fund. With the rapid growth of the principal of the legacy fund and a portion of the overall earnings being returned to the legacy fund principle allows for a faster acceleration of the principal and therefore, future earnings as well.

In a spreadsheet prepared by OMB, with the assumption of $60 oil, 1.1 million barrels of oil production per day and a 6.5% return on investment, the legacy fund could grow to over $30 billion in twelve years. In that scenario, the dollars available for distribution for future property tax credits would grow from $398 million to over $1.5 billion.

I believe it is important to make sure the property tax credits allocated come from a stable source. The citizens of this state have done things in a smart fashion since statehood, for example the common schools trust fund, which is a constitutional fund has now grown to $7.2 billion, and is now projected to provide approximately $500 million toward the cost of K-12 education. This amount has grown steadily over the years.

In 2010, the voters approved the Legacy Fund, which has shown tremendous growth in the time it has been in existence. The legacy earnings fund can be used in a similar fashion to provide long-term sustainable property tax credits to our citizens in perpetuity.

This bill allocates an additional $70 million toward the Homestead Tax Credit increasing the income threshold for those who can apply for this credit as well as increasing the threshold for the value of the home which can be considered for the tax credit. It is my understanding the average credit achieved through this credit is $1,300.00.

There is also a credit for renters which would increase from $400 to $600 if certain income thresholds are met. Chairman Weber, and members of the Senate Finance and Tax committee HB 1176 provides for true property tax reform in limiting spending on behalf of local political sub-divisions, providing for flexibility in those caps and the ability for the citizens of the community to vote for additional funding if they believe it is necessary.

I would ask the committee to consider a "do pass" recommendation to the Senate floor. Thank you.

Legacy Property Tax Credit - Estimated Credit Amounts

Projected Legacy Fund Balances

Fiscal Year	Legacy Fund Ending Balance
2020	6,995,309,070
2021	8,115,202,181
2022	7,946,079,492
2023	8,999,738,920
2024	10,873,738,190
2025 est	12,378,910,454
2026 est	13,243,477,584
2027 est	14,803,763,967
2028 est	15,726,347,568
2029 est	17,504,712,211
2030 est	18,432,257,641
2031 est	20,417,740,022
2032 est	21,377,821,642
2033 est	23,586,471,829
2034 est	24,554,508,710
2035 est	26,975,907,513
2036 est	27,949,422,551
2037 est	30,598,185,021

Projected Legacy Earnings Fund Allocations

	2025-27	2027-29	2029-31	2031-33	2033-35	2035-37	2037-39
5-year average balance	8,586,013,571	10,688,388,928	13,405,247,553	15,942,111,794	18,691,775,817	21,673,759,969	24,888,826,449
Allocation @ 7% POMV	601,020,950	748,187,225	938,367,329	1,115,947,826	1,308,424,307	1,517,163,198	1,742,217,851
Allocations:							
Sinking and interest fund	102,624,000	102,624,000	102,624,000	102,624,000	102,624,000	102,624,000	102,624,000
Highway tax distribution fund	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Proposed Legacy Property Tax Relief Fund	398,396,950	545,563,225	735,743,329	913,323,826	1,105,800,307	1,314,539,198	1,539,593,851
Assumed number of primary residences	163,100	166,600	169,600	172,600	175,600	178,600	181,600
Legacy property tax relief payment	**$1,450**	**$1,637**	**$2,169**	**$2,646**	**$3,149**	**$3,680**	**$4,239**

Calculation of Legacy credit funding sources

General fund credit	$229	$0	$0	$0	$0	$0	$0
Gross Legacy payment before offset	$1,221	$1,637	$2,169	$2,646	$3,149	$3,680	$4,239
Legacy earnings fund available	$398,396,950	$545,563,225	$735,743,329	$913,323,826	$1,105,800,307	$1,314,539,198	$1,539,593,851
Cost of PRC	$473,096,750	$545,563,225	$735,743,329	$913,323,826	$1,105,800,307	$1,314,539,198	$1,539,593,851
General Fund cost	74,699,800	0	0	0	0	0	0



North Dakota Legislative Council

Prepared by the Legislative Council staff
LC# 25.9408.03000
February 2025

SUMMARY OF REENGROSSED HOUSE BILL NO. 1176

This memorandum provides a brief summary of Reengrossed House Bill No. 1176 [25.1003.04000], which provides property tax reform and relief.

PRIMARY RESIDENCE CREDIT

Sections 10, 11, 12, and 13 of the bill amend the primary residence credit program to:

- Continue the program beyond tax year 2025 by removing the program expiration dates.
- Increase the credit from $500 to $1,450 beginning in tax year 2025.
- Exclude voter-approved levies from the tax relief beginning in tax year 2025.
- Provide for a transition year during tax year 2025 to apply the credit to the same tax cycle for property taxed as mobile homes and property taxed as real estate.
- Clarify the process for prorating property taxes if the primary residence is subject to a real estate transaction.
- Integrate the credit with the new primary residential property classification after the new classification becomes effective beginning in tax year 2026.

Section 10 amends North Dakota Century Code Section 57-02-08.9, as amended in Senate Bill No. 2201, as approved by the 69th Legislative Assembly. Senate Bill No. 2201 expanded the primary residence credit to include primary residences held in a trust.

An emergency clause is included to authorize the changes to the primary residence credit for tax year 2025.

HOMESTEAD CREDIT PROGRAM

Sections 8, 9, and 26 of the bill, beginning in tax year 2025, expand the homestead credit program, which is available to qualifying homeowners and renters who are at least 65 years of age, by:

- Increasing the two income thresholds by $10,000, from $40,000 to $50,000 and from $70,000 to $80,000.
- Increasing the maximum renters refund from $400 to $600.
- Appropriating $5.45 million for the state reimbursement of the homestead tax credit.

PROPERTY CLASSIFICATIONS

Sections 7, 14, 15, and 16 of the bill create a new classification for primary residential property separate from other nonprimary residential property. Primary residence certification and eligibility for a primary residential property classification is based on an application and approval process administered through the Tax Department.

PROPERTY TAX LEVY LIMITATION

Section 22 of the bill provides a property tax levy limitation applicable to all taxing districts, beginning in tax year 2025, by:

- Limiting property tax levy increases to 3 percent each year, plus any unused excess percentage increase from the 5 preceding years, without requiring voter approval.
- Allowing a taxing district to increase the levy to an amount exceeding the limitation, for 4 years at a time, if approved by a majority of the qualified electors in a taxing district voting on the question at a statewide general election, beginning with the taxable year after the general election during which the ballot measure was approved.

- Basing the 3 percent levy increase limitation on either the greater of the highest amount levied in the 3 preceding years or the amount levied in the preceding year with adjustments, including adjustments for new property.

The levy limitation does not apply to certain levies, including an irrepealable tax to pay indebtedness, the constitutional 1-mill levy for the state medical center, certain city and county emergency levies, the township general fund levy (up to 18 mills), and other specified levies. Language applicable only to taxable year 2025 also is included, which would allow a city to consolidate certain expiring mill levies into the city's general fund levy without including those dollars levied as part of the levy limitation.

PROPERTY TAX RELIEF FUNDING

Sections 2, 5, 6, and 25 of the bill provide state funding for the primary residence credit by:

- Clarifying the process for distributions from the legacy fund to the legacy earnings fund.
- Providing an allocation from the legacy earnings fund to a newly created legacy property tax relief fund.
- Appropriating $473 million from the legacy property tax relief fund for the state reimbursement of the primary residence credit, which includes $74.6 million transferred from the general fund and $398.4 million allocated from the legacy earnings fund.

PROPERTY TAX NOTICES AND STATEMENTS

Sections 3, 17, 18, 19, 20, 21, and 23 of the bill modify the property tax notices and statements by:

- Requiring an assessor to deliver written notice of the true and full value of each parcel of taxable property for the current and previous year and the date, time, and location of the local and county board of equalization meetings at least 15 days before the local board of equalization meeting.
- Requiring the county treasurer to provide written notice to each owner of taxable property, by August 31st of each year, of the date, time, and location of each taxing district's budget hearing, the location at which each budget is available for review, and a statement that there will be an opportunity to submit comments regarding each taxing district's property tax levy.
- Requiring property tax statements to separately identify the amounts for voter-approved property tax levies in each taxing district and to identify the primary residence credit, including the portion of the credit derived from legacy fund earnings.

REPEALS

Section 24 repeals:

- Obsolete legacy fund definitions under Section 21-10-12.
- The legacy earnings fund under Section 21-10-13 to move the fund and revise the allocations as provided in Section 5 of the bill.

Sections 1 and 4 update cross references to the repealed Section 21-10-13 to the new section created in Section 5 of the bill.

2025 SENATE APPROPRIATIONS

HB 1176

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1176
3/27/2025

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval, funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement, legacy fund definitions and the legacy earnings fund; to provide an appropriation; to provide a transfer; to provide an effective date; to provide an expiration date; and to declare an emergency.

2:36 p.m. Chairman Bekkedahl opened the hearing.

Members Present: Chairman Bekkedahl, Vice-Chairman Erbele, and Senators Burckhard, Cleary, Conley, Davison, Dever, Dwyer, Magrum, Mathern, Meyer, Schaible, Sickler, Sorvaag, Thomas, Wanzek.

Discussion Topics:

- Property Classifications
- Income Threshold Change
- Excess Percentage Increases
- Future Vision
- Legislative Intent
- Decreased Cap for Large Cities, Counties and Park Districts
- Political Subdivisions Election Deferral
- Township Mill Levy Authority
- Necessity of Caps
- Legacy Funds Earnings

2:38 p.m. Representative Nathe, District 30, testified in favor.

2:48 p.m. Representative Lefor testified in favor and submitted testimony #44324 and referenced testimony #43642.

2:53 p.m. Governor Armstrong testified in favor.

2:59 p.m. Senator Hogue testified in favor and submitted testimony #44330, #44331, and #44332.

3:14 p.m. Senator Weber testified in favor.

3:23 p.m. Senator Mathern introduced amendment LC 25.1003.04004 submitted testimony #44336.

3:29 p.m. Senator Mathern moved amendment LC 25.1003.04004.

3:29 p.m. Senator Magrum seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	N
Senator Robert Erbele	N
Senator Randy A. Burckhard	N
Senator Sean Cleary	N
Senator Cole Conley	N
Senator Kyle Davison	N
Senator Dick Dever	N
Senator Michael Dwyer	A
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	N
Senator Donald Schaible	N
Senator Jonathan Sickler	N
Senator Ronald Sorvaag	N
Senator Paul J. Thomas	N
Senator Terry M. Wanzek	N

Motion Failed 2-13-1.

3:35 p.m. Senator Davison moved amendment LC 25.1003.04009 without the township election and increased mill tax levy section.

3:35 p.m. Senator Thomas seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	N
Senator Jeffery J. Magrum	N
Senator Tim Mathern	Y
Senator Scott Meyer	N
Senator Donald Schaible	Y
Senator Jonathan Sickler	N
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 12-4-0.

3:36 p.m. Senator Mathern moved to divide the question into four parts.

3:36 p.m. Senator Cleary seconded the motion.

Division A - Changes on page 9, lines 5-10 and page 39, line 24.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	N
Senator Jeffery J. Magrum	N
Senator Tim Mathern	Y
Senator Scott Meyer	N
Senator Donald Schaible	Y
Senator Jonathan Sickler	N
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 12-4-0.

Division B - Add Legislative Intent - Changes on page 39, lines 9-13.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	N
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	N
Senator Scott Meyer	N
Senator Donald Schaible	Y
Senator Jonathan Sickler	N
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 12-4-0.

Division C - 2% Cap - Changes on page 36, lines 1-8.

Senators	Vote
Senator Brad Bekkedahl	N
Senator Robert Erbele	Y
Senator Randy A. Burckhard	N
Senator Sean Cleary	N
Senator Cole Conley	N
Senator Kyle Davison	Y
Senator Dick Dever	N
Senator Michael Dwyer	N
Senator Jeffery J. Magrum	N
Senator Tim Mathern	N
Senator Scott Meyer	N
Senator Donald Schaible	N
Senator Jonathan Sickler	N
Senator Ronald Sorvaag	N
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	N

Motion Failed 3-13-0.

Division D - Political Subdivisions Election Deferral until 2028 - Changes on page 24, line 8.

Senators	Vote
Senator Brad Bekkedahl	N
Senator Robert Erbele	N
Senator Randy A. Burckhard	N
Senator Sean Cleary	N
Senator Cole Conley	N
Senator Kyle Davison	N
Senator Dick Dever	N
Senator Michael Dwyer	N
Senator Jeffery J. Magrum	N
Senator Tim Mathern	N
Senator Scott Meyer	N
Senator Donald Schaible	N
Senator Jonathan Sickler	N
Senator Ronald Sorvaag	N
Senator Paul J. Thomas	N
Senator Terry M. Wanzek	N

Motion Failed 0-16-0.

4:24 p.m. Senator Cleary moved a Do Pass as Amended.

4:24 p.m. Senator Thomas seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 16-0-0.

Senator Bekkedahl will carry the bill.

Additional Written Testimony:

Robert Wilson, Cass County Administrator, submitted testimony in favor #44309 and #43559.

Lanny Kenner submitted testimony in opposition #43661.

Dwight Grotberg submitted testimony in favor #43669.

4:26 p.m. Chairman Bekkedahl closed the hearing.

Elizabeth Reiten, Committee Clerk

25.1003.04011
Title.05000

Prepared by the Legislative Council staff for Senate Appropriations Committee
March 28, 2025

CO 3/24/25 1 of 40

Sixty-ninth Legislative Assembly of North Dakota

PROPOSED AMENDMENTS TO SECOND ENGROSSMENT

REENGROSSED HOUSE BILL NO. 1176

Introduced by

Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek, Vigesaa

Senators Bekkedahl, Hogue, Weber, Rummel

A BILL for an Act to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; ~~to provide a transfer;~~ to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-13~~5 of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

SECTION 2. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
   a. State bonding fund.
   b. Teachers' fund for retirement.
   c. State fire and tornado fund.
   d. Workforce safety and insurance fund.
   e. Public employees retirement system.
   f. Insurance regulatory trust fund.
   g. State risk management fund.
   h. Budget stabilization fund.
   i. Water projects stabilization fund.
   j. Health care trust fund.
   k. Cultural endowment fund.
   l. Petroleum tank release compensation fund.
   m. Legacy fund.
   n. ~~Legacy earnings fund.~~
   ~~o.~~ Opioid settlement fund.
   ~~p.~~o. A fund under contract with the board pursuant to subsection 3.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of ~~preliminary budget statement - Contents - How given~~public budget hearing date.

~~1.~~ On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:

~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

~~b.~~1. Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.

~~c.~~2. Provide notice of the public budget hearing date to the county auditor.

~~2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~

~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~

~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

SECTION 4. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

54-27-19.3. Legacy earnings highway distribution fund.

A legacy earnings highway distribution fund is created as a special fund in the state treasury into which must be deposited any allocations of legacy fund earnings made under section ~~21-10-13~~5 of this Act. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;

3. One and five-tenths percent must be transferred to the public transportation fund; and

4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to seven percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.

2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate funding in July of each odd-numbered year in the following order:

   a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.

   b. The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.

   c. The remaining amount to the legacy property tax relief fund under section 6 of this Act.

SECTION 6. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy property tax relief fund.

There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section 5 of this Act and all moneys transferred to the fund by the legislative assembly.

SECTION 7. AMENDMENT. Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

57-02-01. Definitions.

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.
   a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
      (1) The land is platted by the owner.
      (2) Public improvements, including sewer, water, or streets, are in place.
      (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.
      (4) Property is zoned other than agricultural.
      (5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
      (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.
      (7) The property sells for more than four times the county average true and full agricultural value.

b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.

2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.

3. "Assessed valuation" means fifty percent of the true and full value of property.

4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.

5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~11,~~10, 12, 13, and ~~12~~14.

6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.

7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.

8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.

9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.

10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.

11. "Person" includes a firm, corporation, or limited liability company.

~~11.~~12. "Primary residential property" means residential property certified as a primary residence under section 14 of this Act.

13. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.

~~12.~~14. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.

~~13.~~15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.

~~14.~~16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.

~~15.~~17. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.

~~16.~~18. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.

~~17.~~19. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use,

the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

SECTION 8. AMENDMENT. Subdivision c of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

c. The exemption must be determined according to the following schedule:

(1) If the person's income is not in excess of ~~forty~~fifty 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~~fifty thousand dollars and not in excess of ~~seventy~~eighty 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.

SECTION 9. AMENDMENT. Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

b. For the purpose of this subsection, twenty 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 expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of ~~four hundred~~six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

SECTION 10. AMENDMENT. Section 57-02-08.9 of the North Dakota Century Code as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, is amended and reenacted as follows:

57-02-08.9. Primary residence credit - Qualification - Application. (Effective for the first ~~two~~ taxable ~~years~~year beginning after December 31, ~~2023~~2024)

1. A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the taxpayer's primary residence as provided in this section. The credit ~~may~~:
   a. Is limited to ~~one thousand four hundred fifty dollars~~seventy-five percent of the property tax due, but the credit may not be less than five hundred dollars or more than one thousand two hundred fifty dollars.
   b. May not reduce the property tax due on voter-approved levies, except the limitation under this subdivision may not be applied to reduce the credit to an amount of less than five hundred dollars.
   c. May not reduce the liability for special assessments levied upon any property.
   d. May not exceed the amount of property tax due against the primary residence. ~~The credit must~~
   e. Must be applied to reduce the property tax owed on the taxpayer's primary residence after other exemptions or credits under this chapter have been applied.
2. For purposes of this section:
   a. "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.
   b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:
      (a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;
      (b) Designed or adapted for human residence;
      (c) Used as a residence; and
      (d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned

through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.

(2) For purposes of the definition of "primary residence" under this subdivision:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

3. An individual who does not reside in the primary residence is eligible for the credit under this section if the individual's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of

the primary residence previously occupied by the individual is not rented to another person.

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. A trust may not claim a credit for more than one primary residence under this section. If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

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

   a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.

   b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.

8. 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.

~~**SECTION 11. 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 taxable year beginning after December 31, 2024)**~~

~~1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residence~~residential property~~ as provided in this section. The credit:~~

~~a. Is limited to one thousand four hundred fifty dollars.~~

~~b. May not reduce the property tax due on voter-approved levies.~~

~~c. May not reduce the liability for special assessments levied upon any property.~~

~~d. May not exceed the amount of property tax due against the parcel of primary residenceresidential property.~~

~~e. Must be applied to reduce the property tax owed on the taxpayer'sparcel of primary residenceresidential property after other exemptions or credits under this chapter have been applied.~~

~~2. For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on~~

~~the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residenceresidential property. A trust may not claim a credit for more than one parcel of primary residenceresidential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary residenceresidential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.~~

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. ~~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.~~

SECTION 11. 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 taxable year beginning after December 31, 2024)~~

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary ~~residence~~residential property as provided in this section. The credit:
   a. Is limited to seventy-five percent of the property tax due, but the credit may not be less than five hundred dollars or more than one thousand two hundred fifty dollars.
   b. May not reduce the property tax due on voter-approved levies, except the limitation under this subdivision may not be applied to reduce the credit to an amount of less than five hundred dollars.
   c. May not reduce the liability for special assessments levied upon any property.
   d. May not exceed the amount of property tax due against the parcel of primary ~~residence~~residential property.

e. Must be applied to reduce the property tax owed on the ~~taxpayer's~~parcel of primary ~~residence~~residential property after other exemptions or credits under this chapter have been applied.

2. ~~For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4.~~ Only one credit under this section may be applied against the property taxes levied against any parcel of primary ~~residence~~residential property. A trust may not claim a credit for more than one parcel of primary ~~residence~~residential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary ~~residence~~residential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner, an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. 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.~~

SECTION 12. 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, 2026~~May 31, 2026)

1. By ~~June first of each year~~June 1, 2025, the tax commissioner shall:
   a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024~~.~~:
   b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and
   ~~b.~~c. Provide to each county auditor:
      (1) A copy of each approved application under subdivision ~~a~~b which identifies a primary residence located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.

2. By November 1, 2025, the tax commissioner shall:

a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and

b. Provide to each county auditor:

(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and

(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.

3. a. For taxable year 2025:

(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.

b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter

57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.

~~3.~~4. By ~~January first of each year~~January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 1~~subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~against property taxes owed on primary residences in the county ~~for the preceding year~~as provided in subsection 3.

~~4.~~5. By ~~June first of each year after 2024~~May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~allowed under section 57-02-08.9 in each county for the preceding year~~applied against property taxes owed on primary residences in the county as provided in subsection 3.

~~5.~~6. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.~~7. 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 corrections necessary because of errors.

~~7.~~8. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.~~9. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 13. 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 May 31, 2026)~~

1. ~~By June 1, 2025, the tax commissioner shall:~~

~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~

~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~

~~c. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

~~2. By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3. a. For taxable year 2025:~~

~~(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.~~

~~(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~

~~b.~~ ~~For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each ~~primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

~~4.~~2. By January ~~15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits ~~approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which~~that were applied against property taxes owed on primary residences in the county ~~as provided in subsection 3~~for:

a. The preceding taxable year for primary residential property taxed as real estate under this title.

b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

~~5.~~3. By May ~~31, 2026~~thirty-first of each year, the tax commissioner shall ~~review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and~~ certify to the state treasurer for payment to each county the

aggregate dollar amount of credits ~~applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection ~~3~~2.

~~6.~~4. Within fourteen days of receiving the payment from the state treasurer, ~~but no later than June thirtieth of each year,~~ the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~7.~~5. 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 corrections necessary because of errors.

~~8.~~6. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~9.~~7. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 14. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence certification - Eligibility for primary residential property classification - Application.

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under

this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.

a. An application for primary residence certification must be filed by February first of each year to request a primary residence certification for:

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

(2) 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.

b. As soon as practicable after receiving the applications, no later than February twenty-eighth of each year, the tax commissioner shall:

(1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b, no later than March fifteenth of each year, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.

d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.

e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.

4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.

5. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section. Application forms must include the full name and address of

the applicant and any other information prescribed by the tax commissioner. The county director of tax equalization shall make these forms available to applicants upon request.

6. For purposes of this section:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and, subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary

residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

SECTION 15. AMENDMENT. Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.

1. All property subject to taxation based on the value thereof must be valued as follows:

~~1.~~ a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.

~~2.~~ b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.

~~3.~~ c. All commercial property to be valued at ten percent of assessed value.

~~4.~~ d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

2. The ~~resulting~~ amounts ~~must be known as~~resulting from the calculation under subsection 1 are the taxable valuation.

3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

SECTION 16. AMENDMENT. Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27.1. Property to be valued at true and full value.

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as

provided in ~~subsection 15 of~~ section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.

2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

SECTION 17. AMENDMENT. Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

57-02-53. Assessment ~~increase~~notice to property owner.

1. ~~a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~An assessor shall deliver written notice of the ~~amount of increase and the~~amount of the ~~previous~~true and full value of each parcel of taxable property for the current ~~year's assessment to the property owner at the expense of the assessment district for which the assessor is employed~~and previous year, including improvements, which have been assessed by the assessor.

2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the~~

~~state board of equalization, if the state board of equalization ordered the assessment increase.~~

~~c.~~3. The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show the~~contain:

a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year and for the previous year ~~and must also show the~~.

b. The date ~~prescribed by law~~, time, and location for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date, time, and location of the county board of equalization~~hearing of each taxing district~~.

~~d.~~4. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.

~~2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.~~

SECTION 18. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board ~~- Limitation on increase - Notice~~.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the~~

~~previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 19. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board ~~- Limitation on increase - Notice~~.

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform~~, except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it~~. All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 20. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~- Limitation on increase - Notice~~.

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in

subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

2. Notwithstanding any other provision of this section:

   a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.

   b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

   c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the

wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 21. AMENDMENT. Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property ~~a preliminary budget statement and~~ the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.
2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:
   a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located~~, which anticipate levying in excess of one hundred thousand dollars in the current year,~~ and the location at which the taxing district's budget is available for review; and
   b. ~~The true and full value of the property based on the best information available;~~
   ~~c. A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding~~

~~taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;~~

~~d.~~ ~~A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~

~~e.~~ ~~Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~

~~f.~~ A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy~~; and~~

~~g.~~ ~~The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year~~.

3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year~~.

SECTION 22. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Limitation on levies by taxing districts without voter approval.

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable percentage limit.

   b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.

2. The limitation under subsection 1 does not apply to:

   a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:

      (1) A change in state law.

      (2) Approval by the electors of the taxing district.

   b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.

   c. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

   d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

   e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.

   f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in

special assessment and improvement district funds and revenue bond and reserve funds.

g. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

h. Taxes levied under sections 40-24-10, 40-43-01, 57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.

i. Taxes levied, up to eighteen mills, under section 57-15-20.

3. A majority of the qualified electors in a taxing district~~,~~ voting on the question at a ~~regular or special~~statewide general election ~~of the taxing district,~~ may approve a property tax levy exceeding the limitation under subsection 1 for ~~only one~~four taxable ~~year~~years at a time, beginning with the taxable year after the general election during which the ballot measure was approved. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1.

4. For taxable year 2025, a city may levy an amount equal to the amount levied in dollars in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy under section 57-15-08 without including the dollars levied for this purpose as part of the limitation under subsection 1.

5. A city or county may not supersede or modify the application of this section under home rule authority.

6. For purposes of this section:

a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:

(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.

(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.

b. "Allowable percentage limit" means three percent.

c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.

d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The allowable percentage limit; and

(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.

e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

SECTION 23. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their

request and the furnishing of their names and addresses to the county treasurer. The tax statement must:

a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.

b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:

(1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.

(2) The amount of property tax levied as a result of voter-approved levy authority, which must be separately stated for each taxing district that levied property tax as a result of voter-approved levy authority.

c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

(a) ~~Fifty mills~~The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; ~~or~~and

(b) The 2012 taxable year mill rate of the school district ~~minus~~excluding sixty mills.

(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount

calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

(1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section 5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 24. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 25. LEGISLATIVE INTENT - CONSIDERATION OF FUTURE PROPERTY TAX RELIEF. It is the intent of the sixty-ninth legislative assembly that the seventieth legislative

assembly consider using any funding available from the legacy property tax relief fund exceeding the amount needed for the primary residence credit to provide property tax relief to other property classifications, including agricultural property.

SECTION 26. APPROPRIATION - ~~TRANSFER - GENERAL FUND TO LEGACY PROPERTY TAX RELIEF FUND -~~ TAX COMMISSIONER - PRIMARY RESIDENCE CREDIT - INFORMATION ON PROPERTY TAX STATEMENTS ~~- TAX COMMISSIONER~~.

1. ~~There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $74,601,793, which the office of management and budget shall transfer to the legacy property tax relief fund, during the biennium beginning July 1, 2025, and ending June 30, 2027. For legislative council budget status reporting purposes, the transfer under this subsection is considered an ongoing funding item.~~

~~2.~~ There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of ~~$473,000,000~~$398,398,207, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit, for the biennium beginning July 1, 2025, and ending June 30, 2027. ~~Of the $473,000,000, $74,601,793 is from the general fund pursuant to subsection 1, and $398,398,207 is from the legacy earnings fund.~~

~~3.~~2. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is ~~84.23~~100 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

~~**SECTION 26. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,450,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of the state reimbursement of the homestead tax credit, for the biennium beginning July 1, 2025, and ending June 30, 2027.~~

SECTION 27. EFFECTIVE DATE.

1. Sections 8, 9, 10, and 22 of this Act are effective for taxable years beginning after December 31, 2024.

2. Sections 7, 11, 14, 15, and 16 of this Act are effective for taxable years beginning after December 31, 2025.

3. Section 12 of this Act becomes effective on June 1, 2025.

4. Section 13 of this Act becomes effective on June 1, 2026.

SECTION 28. EMERGENCY. Sections 10 and 12 of this Act are declared to be an emergency measure.

REPORT OF STANDING COMMITTEE
REENGROSSED HB 1176

Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS (25.1003.04011)** and when so amended, recommends **DO PASS** (16 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). Reengrossed HB 1176 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Board of County Commissioners
Tony Grindberg
Duane Breitling
Tim Flakoll
Jim Kapitan
Joel Vettel

CASS COUNTY GOVERNMENT

PO Box 2806
211 Ninth Street South
Fargo, North Dakota 58108
701-241-5609
www.casscountynd.gov

March 23, 2025

Chairman Brad Bekkedahl
Members of Senate Appropriations Committee
North Dakota State Capitol
600 East Boulevard
Bismarck, ND 58505-0360

RE: HB 1176

Chairman Bekkedahl and Members of the Senate Appropriations Committee:

Mr. Chairman, my name is Robert Wilson. I am the County Administrator in Cass County and I address the Committee in support of HB 1176. My comments will be brief as I spoke and submitted testimony in support of this bill during the hearing before the Senate Finance and Tax Committee.

My comments follow a resolution passed unanimously by the Cass County Commission on Wednesday, March 5, 2025.

Cass County respectfully requests you consider the following resolution as you consider property tax caps, ***'allow growth to occur at the consumer price index plus 2% - not to exceed 6% or no less than 2%, and allow political subdivisions to also capture half of their percentage of annual growth in population from the previous year.'***

Sincerely,

Robert Wilson
Cass County Administrator

Good afternoon, Chairman Bekkedahl and members of the Senate appropriations committee, for the record, my name is Mike Lefor, and I serve District 37 – Dickinson in the House of Representatives. I am here today to testify in support of HB 1176.

This bill puts forth a bold, sustainable approach to property tax reform while also allocating legacy fund earnings dollars to benefit present and future generations of North Dakotan's. First, the reform aspect includes a 3% cap on future spending on behalf of political sub-divisions while also giving these entities the ability to "bank" percentages not utilized in the cap.

For example, any political sub-division not using the full 3% increase in any given year have the amount not levied to be potentially be utilized in future years for a period of up to five years. If it is not used within the five-year time frame, that ability goes away.

Additionally, if the political sub-division believes that a 3% increase is not enough to fund their operations, they can go to a vote of their community to seek more funding.

Further, the bill provides for an increase of $950 per primary residence tax credit from the current level of $500.00 to $1450.00. The citizens of the state have responded well to this as an estimated 92% of those eligible have requested tax credit through the state tax department who did an outstanding job in making the people of the state know about the tax credit and be able to better recognize the primary residences of our citizens.

The dollars for this credit would be allocated from the general fund in the amount of $75 million and roughly $398 million from the legacy earnings fund. With the rapid growth of the principal of the legacy fund and a portion of the overall earnings being returned to the legacy fund principle allows for a faster acceleration of the principal and therefore, future earnings as well.

In a spreadsheet prepared by OMB, with the assumption of $60 oil, 1.1 million barrels of oil production per day and a 6.5% return on investment, the legacy fund could grow to over $30 billion in twelve years. In that scenario, the dollars available for distribution for future property tax credits would grow from $398 million to over $1.5 billion.

I believe it is important to make sure the property tax credits allocated come from a stable source. The citizens of this state have done things in a smart fashion since statehood, for example the common schools trust fund, which is a constitutional fund has now grown to $7.2 billion, and is now projected to provide approximately $500 million toward the cost of K-12 education. This amount has grown steadily over the years.

In 2010, the voters approved the Legacy Fund, which has shown tremendous growth in the time it has been in existence. The legacy earnings fund can be used in a similar fashion to provide long-term sustainable property tax credits to our citizens in perpetuity.

This bill allocates an additional $70 million toward the Homestead Tax Credit increasing the income threshold for those who can apply for this credit as well as increasing the threshold for the value of the home which can be considered for the tax credit. It is my understanding the average credit achieved through this credit is $1,300.00.

There is also a credit for renters which would increase from $400 to $600 if certain income thresholds are met. Chairman Bekkedahl, and members of the Senate appropriations committee HB 1176 provides for true property tax reform in limiting spending on behalf of local political sub-divisions, providing for flexibility in those caps and the ability for the citizens of the community to vote for additional funding if they believe it is necessary.

I would ask the committee to consider a "do pass" recommendation to the Senate floor. Thank you.

North Dakota Legislative Council

Prepared by the Legislative Council staff
LC# 25.9408.03000
February 2025

SUMMARY OF REENGROSSED HOUSE BILL NO. 1176

This memorandum provides a brief summary of Reengrossed House Bill No. 1176 [25.1003.04000], which provides property tax reform and relief.

PRIMARY RESIDENCE CREDIT

Sections 10, 11, 12, and 13 of the bill amend the primary residence credit program to:

- Continue the program beyond tax year 2025 by removing the program expiration dates.
- Increase the credit from $500 to $1,450 beginning in tax year 2025.
- Exclude voter-approved levies from the tax relief beginning in tax year 2025.
- Provide for a transition year during tax year 2025 to apply the credit to the same tax cycle for property taxed as mobile homes and property taxed as real estate.
- Clarify the process for prorating property taxes if the primary residence is subject to a real estate transaction.
- Integrate the credit with the new primary residential property classification after the new classification becomes effective beginning in tax year 2026.

Section 10 amends North Dakota Century Code Section 57-02-08.9, as amended in Senate Bill No. 2201, as approved by the 69th Legislative Assembly. Senate Bill No. 2201 expanded the primary residence credit to include primary residences held in a trust.

An emergency clause is included to authorize the changes to the primary residence credit for tax year 2025.

HOMESTEAD CREDIT PROGRAM

Sections 8, 9, and 26 of the bill, beginning in tax year 2025, expand the homestead credit program, which is available to qualifying homeowners and renters who are at least 65 years of age, by:

- Increasing the two income thresholds by $10,000, from $40,000 to $50,000 and from $70,000 to $80,000.
- Increasing the maximum renters refund from $400 to $600.
- Appropriating $5.45 million for the state reimbursement of the homestead tax credit.

PROPERTY CLASSIFICATIONS

Sections 7, 14, 15, and 16 of the bill create a new classification for primary residential property separate from other nonprimary residential property. Primary residence certification and eligibility for a primary residential property classification is based on an application and approval process administered through the Tax Department.

PROPERTY TAX LEVY LIMITATION

Section 22 of the bill provides a property tax levy limitation applicable to all taxing districts, beginning in tax year 2025, by:

- Limiting property tax levy increases to 3 percent each year, plus any unused excess percentage increase from the 5 preceding years, without requiring voter approval.
- Allowing a taxing district to increase the levy to an amount exceeding the limitation, for 4 years at a time, if approved by a majority of the qualified electors in a taxing district voting on the question at a statewide general election, beginning with the taxable year after the general election during which the ballot measure was approved.

- Basing the 3 percent levy increase limitation on either the greater of the highest amount levied in the 3 preceding years or the amount levied in the preceding year with adjustments, including adjustments for new property.

The levy limitation does not apply to certain levies, including an irrepealable tax to pay indebtedness, the constitutional 1-mill levy for the state medical center, certain city and county emergency levies, the township general fund levy (up to 18 mills), and other specified levies. Language applicable only to taxable year 2025 also is included, which would allow a city to consolidate certain expiring mill levies into the city's general fund levy without including those dollars levied as part of the levy limitation.

PROPERTY TAX RELIEF FUNDING

Sections 2, 5, 6, and 25 of the bill provide state funding for the primary residence credit by:

- Clarifying the process for distributions from the legacy fund to the legacy earnings fund.
- Providing an allocation from the legacy earnings fund to a newly created legacy property tax relief fund.
- Appropriating $473 million from the legacy property tax relief fund for the state reimbursement of the primary residence credit, which includes $74.6 million transferred from the general fund and $398.4 million allocated from the legacy earnings fund.

PROPERTY TAX NOTICES AND STATEMENTS

Sections 3, 17, 18, 19, 20, 21, and 23 of the bill modify the property tax notices and statements by:

- Requiring an assessor to deliver written notice of the true and full value of each parcel of taxable property for the current and previous year and the date, time, and location of the local and county board of equalization meetings at least 15 days before the local board of equalization meeting.
- Requiring the county treasurer to provide written notice to each owner of taxable property, by August 31st of each year, of the date, time, and location of each taxing district's budget hearing, the location at which each budget is available for review, and a statement that there will be an opportunity to submit comments regarding each taxing district's property tax levy.
- Requiring property tax statements to separately identify the amounts for voter-approved property tax levies in each taxing district and to identify the primary residence credit, including the portion of the credit derived from legacy fund earnings.

REPEALS

Section 24 repeals:

- Obsolete legacy fund definitions under Section 21-10-12.
- The legacy earnings fund under Section 21-10-13 to move the fund and revise the allocations as provided in Section 5 of the bill.

Sections 1 and 4 update cross references to the repealed Section 21-10-13 to the new section created in Section 5 of the bill.

Legislative Council

North Dakota Legislative Council

Prepared by the Legislative Council staff
LC# 25.9237.01000
April 2024

PROPERTY TAX RELIEF PROGRAMS - 2007-09 THROUGH 2023-25 BIENNIUMS

The schedule below provides information on property tax relief programs provided by the Legislative Assembly for the 2007-09 biennium through the 2023-25 biennium.

	Estimated Fiscal Impact									
	2007-09 Biennium	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	Total
School-related mill levy reductions										
Mill levy reduction grants		$299,444,264	$341,790,000							$641,234,264
Mill levy reduction in integrated school formula payments				$656,473,838[1]	$988,000,000[2]	$1,081,000,000[2]	$1,166,000,000[2]	$1,240,000,000[2]	$1,331,000,000[2]	6,462,473,838
Total school-related mill levy reductions	$0	$299,444,264	$341,790,000	$656,473,838	$988,000,000	$1,081,000,000	$1,166,000,000	$1,240,000,000	$1,331,000,000	$7,103,708,102
Homestead and disabled veterans' tax credits										
Homestead and disabled veterans' property tax credit programs	$8,104,000	$10,774,000	$14,018,563	$27,678,000	$25,865,091	$24,820,200	$28,250,200	$34,300,000	$91,145,000	$264,955,054
Homestead income tax credit for property tax relief	112,000,000									112,000,000
Total homestead tax credits	$120,104,000	$10,774,000	$14,018,563	$27,678,000	$25,865,091	$24,820,200	$28,250,200	$34,300,000	$91,145,000	$376,955,054
Other property tax relief										
State-paid property tax relief credits (12 percent property tax credit)				$200,000,000	$241,525,000					$441,525,000
Primary residence property tax credit									$103,225,000	103,225,000
State funding of certain county costs of child welfare and service payments for elderly and disabled services					19,300,000	$23,300,000	$23,300,000[3]	$23,300,000[3]	23,300,000[3]	112,500,000
State grants to counties - Emergency human service levies					3,900,000					3,900,000
County economic assistance and social services financing pilot program						160,700,000				160,700,000
County social and human services project							173,700,000	189,917,386	226,787,642	590,405,028
State funding of clerk of court costs formerly paid by counties	$13,587,187	$15,253,306	$16,795,673	20,432,528	24,603,806	23,936,056	24,957,631	25,212,502	26,125,566	190,904,255
Total other property tax relief	$13,587,187	$15,253,306	$16,795,673	$220,432,528	$289,328,806	$207,936,056	$221,957,631	$238,429,888	$379,438,208	$1,603,159,283
Total property tax relief	$133,691,187	$325,471,570	$372,604,236	$904,584,366	$1,303,193,897	$1,313,756,256	$1,416,207,831	$1,512,729,888	$1,801,583,208	$9,083,822,439

[1]Prior to 2013, state school aid funding was based on a per-student formula payment. The state school aid funding included mill levy reduction grants, which provided a reduction in school district property tax levies. The 2013 Legislative Assembly approved the implementation of a new formula, which integrates property tax relief in the K-12 state school aid funding formula. Funding for the formula is provided through a combination of local tax sources, local revenue, and state school aid payments. The amount shown for the 2013-15 biennium reflects an estimate from the Department of Public Instruction, which was based on the per-student formula that was used prior to fiscal year 2013.

[2]This amount is an estimate based on the value of 115 mills statewide. In 2013 the Legislative Assembly approved the integration of property tax relief into the state school aid funding formula to provide for a mill levy buydown totaling 125 mills, 50 mills more than the previous biennium. The changes made in 2013 allow school districts to levy an additional 10 mills for general fund purposes; therefore, the mill levy reduction estimate used in the calculation above is 115 mills (125 mill buydown less the 10 mills of additional general fund levy authority).

[3]The Department of Health and Human Services is unable to determine the specific amount of general fund support in the department's legislative appropriation for paying the county costs of child welfare, service payments for elderly and disabled, and technology costs. The amount shown is the amount the department reported for the 2017-19 biennium.

Lanny Kenner
District 7

Chairman Bekkedahl and committee members,

I am requesting a DO NOT pass on
HB 1176 in it's present form.

This bill would have to be renewed over and over again.

With this bill people “down on their luck” could lose their home even if it was paid off.

This bill would still have valuations for determining how much taxes to charge.

This bill would only cover primary residences.

This bill would be taking away local control by placing caps on local taxing. Caps should be placed on State spending instead! Measure 4 would not have taken away local control but this bill would! I find it hard to believe so many groups are for this bill when losing local control was one of the main reasons against M4 even though it was a lie!

Actually measure 4 would have taken care of all the problems I just mentioned.

The original version of HB 1168 would be a much better bill than HB 1176. At least 1168 would have gone by what the ND Constitution says by paying All of K through 12.

So in it's present form, HB 1176 is not nearly as good as it could be.
I know you all have a tough job and I hope you can put all the pieces together to make a worthwhile bill but please do not pass HB 1176 in it's present form. We do not want to have to do another initiative measure.

Thank you, Lanny Kenner

Mr. Chairman and members of the committee

I'm Dwight Grotberg from Wimbledon, North Dakota. I own and operate a grain farm in Barnes County. I'm here today to express support for HB 1176, but strongly urge that the bill be amended to address two major issues:

1. The unfair agricultural property burden North Dakota's farmers are bearing.
Our farm of 8,500 acres owns land and it also cash rents land from other landowners. We currently cash rent a little more land than we own. **In 2024, our property tax bill was more than $50,000 on the land that we own.** Then there is the land that we rent. We have heard the argument that out of state agricultural landowners are paying property taxes, and they are. I have several out of state landowners that I rent farmland from. Every 2-3 years when it is time to re-negotiate these cash rent contracts, the conversation about rising property taxes comes up, and so do my cash rent rates. The out of state landowner writes the check for the property taxes on their land, but it comes directly out of the pockets of producers like me first. With that in mind, **our farm actually contributes more than $100,000 annually in property taxes**, when you add the additional rent paid to cover the landowners property taxes.

2. The disparity between townships in both revenue collections and expenditures.
Our farm operates mostly in Barnes County, and in 8 different townships. Most of these townships are always broke, and revert to deferred maintenance tor roads, no winter maintenance, or complete closure or abandonment. We have fields that we cannot get to without driving on a neighbor's property, yet we are assessed the same tax rates on the inaccessible property as we are the fields with good road access. Some of these townships have either a higher population base, or some industry, or both, and have collections of property taxes way over their expenditures and have large cash reserves.
We would ask that this bill includes some language to address this issue.

Summary: We urge a do-pass recommendation for HB 1176 with amendments to address the concerns that I mentioned. An incremental approach to reduce property taxes that this bill provides should include North Dakota's farmers as well.

I stand for any questions.

Board of County Commissioners
Tony Grindberg
Duane Breitling
Tim Flakoll
Jim Kapitan
Joel Vettel

CASS COUNTY GOVERNMENT

PO Box 2806
211 Ninth Street South
Fargo, North Dakota 58108
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March 26, 2025

Chairman Brad Bekkedahl
Members of Senate Appropriations Committee
North Dakota State Capitol
600 East Boulevard
Bismarck, ND 58505-0360

RE: HB 1176 Testimony

Chairman Bekkedahl and Members of the Senate Appropriations Committee:

Mr. Chairman, my name is Robert Wilson. I am the County Administrator in Cass County and I am speaking in support of HB 1176 – with amendments that reflect the County Commission's approved resolution. That resolution states the bill should be amended to, "***'allow growth to occur at the consumer price index plus 2% - not to exceed 6% or no less than 2%, and allow political subdivisions to also capture half of their percentage of annual growth in population from the previous year.'***

The County understands this committee may be asked to consider amendments that will further restrict local government by strengthening the cap to a 2% cap on levies and eliminating the ability to exceed the cap. If that amendment – or any amendment that further impacts local government's revenues - is approved, Cass County must oppose this bill.

It's important to speak directly to the suggestion that Cass County is holding reserves in excess of $100 million. This is simply not true. Cass County ended 2023 with an audited General Fund Balance of $26.9 million. If requested, we will provide the 2024 audited General Fund Balance as soon as the audit is complete.

Cass County remains ready and willing to be a good partner in identifying the best way to provide property tax relief – which 1176 does and Cass County supports – and provide the elected and fiscally responsible Cass County Commissioners the ability to meet the needs of our growing and vibrant communities. Please remember, 66% of our General Fund expenditures support public safety, which includes the Sheriff's patrol & jail divisions and the State's Attorney's Office.

Sincerely,

Robert Wilson
Cass County Administrator

MIKE LEFAR
TESTIMONY
ATTACHMENT 1176

Legislative Council

North Dakota Legislative Council

Prepared by the Legislative Council staff
LC# 25.9237.01000
April 2024

PROPERTY TAX RELIEF PROGRAMS - 2007-09 THROUGH 2023-25 BIENNIUMS

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[2]This amount is an estimate based on the value of 115 mills statewide. In 2013 the Legislative Assembly approved the integration of property tax relief into the state school aid funding formula to provide for a mill levy buydown totaling 125 mills, 50 mills more than the previous biennium. The changes made in 2013 allow school districts to levy an additional 10 mills for general fund purposes; therefore, the mill levy reduction estimate used in the calculation above is 115 mills (125 mill buydown less the 10 mills of additional general fund levy authority).

[3]The Department of Health and Human Services is unable to determine the specific amount of general fund support in the department's legislative appropriation for paying the county costs of child welfare, service payments for elderly and disabled, and technology costs. The amount shown is the amount the department reported for the 2017-19 biennium.

25.1003.04009
Title.

Prepared by the Legislative Council staff for Senator Weber
March 20, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO SECOND ENGROSSMENT

REENGROSSED HOUSE BILL NO. 1176

Introduced by

Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek, Vigesaa

Senators Bekkedahl, Hogue, Weber, Rummel

A BILL for an Act to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide for a statement of legislative intent; to provide an appropriation; ~~to provide a transfer;~~ to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-13~~5 of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

SECTION 2. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
   a. State bonding fund.
   b. Teachers' fund for retirement.
   c. State fire and tornado fund.
   d. Workforce safety and insurance fund.
   e. Public employees retirement system.
   f. Insurance regulatory trust fund.
   g. State risk management fund.
   h. Budget stabilization fund.
   i. Water projects stabilization fund.
   j. Health care trust fund.
   k. Cultural endowment fund.
   l. Petroleum tank release compensation fund.
   m. Legacy fund.
   n. ~~Legacy earnings fund.~~
   ~~o.~~ Opioid settlement fund.
   ~~p.~~o. A fund under contract with the board pursuant to subsection 3.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of ~~preliminary budget statement - Contents - How given~~public budget hearing date.

~~1.~~ On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:

~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

~~b.~~1. Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.

~~c.~~2. Provide notice of the public budget hearing date to the county auditor.

~~2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~

~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~

~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

SECTION 4. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

54-27-19.3. Legacy earnings highway distribution fund.

A legacy earnings highway distribution fund is created as a special fund in the state treasury into which must be deposited any allocations of legacy fund earnings made under section ~~21-10-13~~5 of this Act. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;

3. One and five-tenths percent must be transferred to the public transportation fund; and
4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to seven percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate funding in July of each odd-numbered year in the following order:
   a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.
   b. The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.
   c. The remaining amount to the legacy property tax relief fund under section 6 of this Act.

SECTION 6. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy property tax relief fund.

There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section 5 of this Act and all moneys transferred to the fund by the legislative assembly.

SECTION 7. AMENDMENT. Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

57-02-01. Definitions.

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.
   a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
      (1) The land is platted by the owner.
      (2) Public improvements, including sewer, water, or streets, are in place.
      (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.
      (4) Property is zoned other than agricultural.
      (5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
      (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.
      (7) The property sells for more than four times the county average true and full agricultural value.

b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.

2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.

3. "Assessed valuation" means fifty percent of the true and full value of property.

4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.

5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~11,~~10, 12, 13, and ~~12~~14.

6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.

7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.

8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.

9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.

10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.

11. "Person" includes a firm, corporation, or limited liability company.

~~11.~~12. "Primary residential property" means residential property certified as a primary residence under section 14 of this Act.

13. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.

~~12.~~14. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.

~~13.~~15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.

~~14.~~16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.

~~15.~~17. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.

~~16.~~18. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.

~~17.~~19. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use,

the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

SECTION 8. AMENDMENT. Subdivision c of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

c. The exemption must be determined according to the following schedule:

(1) If the person's income is not in excess of ~~forty~~fifty 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~~fifty thousand dollars and not in excess of ~~seventy~~eighty 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.

SECTION 9. AMENDMENT. Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

b. For the purpose of this subsection, twenty 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 expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of ~~four hundred~~six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

SECTION 10. AMENDMENT. Section 57-02-08.9 of the North Dakota Century Code as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, is amended and reenacted as follows:

57-02-08.9. Primary residence credit - Qualification - Application. (Effective for the first ~~two~~ taxable ~~years~~year beginning after December 31, ~~2023~~2024)

1. A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the taxpayer's primary residence as provided in this section. The credit ~~may~~:
   a. Is limited to ~~one thousand four hundred fifty dollars~~seventy-five percent of the property tax due, but the credit may not be less than five hundred dollars or more than one thousand two hundred fifty dollars.
   b. May not reduce the property tax due on voter-approved levies, except the limitation under this subdivision may not be applied to reduce the credit to an amount of less than five hundred dollars.
   c. May not reduce the liability for special assessments levied upon any property.
   d. May not exceed the amount of property tax due against the primary residence. ~~The credit must~~
   e. Must be applied to reduce the property tax owed on the taxpayer's primary residence after other exemptions or credits under this chapter have been applied.
2. For purposes of this section:
   a. "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.
   b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:
      (a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;
      (b) Designed or adapted for human residence;
      (c) Used as a residence; and
      (d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned

through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.

(2) For purposes of the definition of "primary residence" under this subdivision:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

3. An individual who does not reside in the primary residence is eligible for the credit under this section if the individual's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of

the primary residence previously occupied by the individual is not rented to another person.

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. A trust may not claim a credit for more than one primary residence under this section. If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.
5. An individual whose primary residence is a farm structure exempt from taxation under subsection 15 of section 57-02-08 is not eligible for a credit under this section.
6. The credit may not reduce the liability for special assessments levied upon any property.
7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner~~, by April first of each year,~~ an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the ~~claim~~application on a form and in the manner prescribed by the tax commissioner. The application must be filed:
   a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.
   b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.
8. 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.

~~**SECTION 11. 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 taxable year beginning after December 31, 2024)**~~

~~1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residence~~residential property ~~as provided in this section. The credit:~~

~~a. Is limited to one thousand four hundred fifty dollars.~~

~~b. May not reduce the property tax due on voter-approved levies.~~

~~c. May not reduce the liability for special assessments levied upon any property.~~

~~d. May not exceed the amount of property tax due against the parcel of primary residence~~residential property~~.~~

~~e. Must be applied to reduce the property tax owed on the taxpayer's~~parcel of primary residence~~residential property~~ ~~after other exemptions or credits under this chapter have been applied.~~

~~2. For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on~~

~~the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residenceresidential property. A trust may not claim a credit for more than one parcel of primary residenceresidential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary residenceresidential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.~~

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. ~~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.~~

SECTION 11. 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 taxable year beginning after December 31, 2024)~~

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary ~~residence~~residential property as provided in this section. The credit:
   a. Is limited to seventy-five percent of the property tax due, but the credit may not be less than five hundred dollars or more than one thousand two hundred fifty dollars.
   b. May not reduce the property tax due on voter-approved levies, except the limitation under this subdivision may not be applied to reduce the credit to an amount of less than five hundred dollars.
   c. May not reduce the liability for special assessments levied upon any property.
   d. May not exceed the amount of property tax due against the parcel of primary ~~residence~~residential property.

e. Must be applied to reduce the property tax owed on the ~~taxpayer's~~parcel of primary ~~residence~~residential property after other exemptions or credits under this chapter have been applied.

2. ~~For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4.~~ Only one credit under this section may be applied against the property taxes levied against any parcel of primary ~~residence~~residential property. A trust may not claim a credit for more than one parcel of primary ~~residence~~residential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary ~~residence~~residential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner, an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. 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.~~

SECTION 12. 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, 2026~~May 31, 2026)

1. By ~~June first of each year~~June 1, 2025, the tax commissioner shall:
   a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024~~.~~:
   b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and
   ~~b.~~c. Provide to each county auditor:
      (1) A copy of each approved application under subdivision ~~a~~b which identifies a primary residence located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.

2. By November 1, 2025, the tax commissioner shall:

a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and

b. Provide to each county auditor:

(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and

(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.

3. a. For taxable year 2025:

(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.

b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter

57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.

~~3.~~4. By ~~January first of each year~~January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 1~~subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~against property taxes owed on primary residences in the county ~~for the preceding year~~as provided in subsection 3.

~~4.~~5. By ~~June first of each year after 2024~~May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~allowed under section 57-02-08.9 in each county for the preceding year~~applied against property taxes owed on primary residences in the county as provided in subsection 3.

~~5.~~6. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.~~7. 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 corrections necessary because of errors.

~~7.~~8. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.~~9. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 13. 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 May 31, 2026)~~

1. ~~By June 1, 2025, the tax commissioner shall:~~

~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~

~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~

~~c. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

~~2. By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3. a. For taxable year 2025:~~

~~(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.~~

~~(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~

~~b.~~ ~~For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each ~~primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

~~4.~~2. By January ~~15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits ~~approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which~~that were applied against property taxes owed on primary residences in the county ~~as provided in subsection 3~~for:

a. The preceding taxable year for primary residential property taxed as real estate under this title.

b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

~~5.~~3. By May ~~31, 2026~~thirty-first of each year, the tax commissioner shall ~~review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and~~ certify to the state treasurer for payment to each county the

aggregate dollar amount of credits ~~applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection ~~3~~2.

~~6.~~4. Within fourteen days of receiving the payment from the state treasurer, ~~but no later than June thirtieth of each year,~~ the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~7.~~5. 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 corrections necessary because of errors.

~~8.~~6. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~9.~~7. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 14. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence certification - Eligibility for primary residential property classification - Application.

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under

this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.

a. An application for primary residence certification must be filed by February first of each year to request a primary residence certification for:

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

(2) 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.

b. As soon as practicable after receiving the applications, no later than February twenty-eighth of each year, the tax commissioner shall:

(1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b, no later than March fifteenth of each year, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.

d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.

e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.

4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.

5. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section. Application forms must include the full name and address of

the applicant and any other information prescribed by the tax commissioner. The county director of tax equalization shall make these forms available to applicants upon request.

6. For purposes of this section:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and, subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary

residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

SECTION 15. AMENDMENT. Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.

1. All property subject to taxation based on the value thereof must be valued as follows:

~~1.~~ a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.

~~2.~~ b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.

~~3.~~ c. All commercial property to be valued at ten percent of assessed value.

~~4.~~ d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

2. The ~~resulting~~ amounts ~~must be known as~~resulting from the calculation under subsection 1 are the taxable valuation.

3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

SECTION 16. AMENDMENT. Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27.1. Property to be valued at true and full value.

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as

provided in ~~subsection 15 of~~ section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.

2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

SECTION 17. AMENDMENT. Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

57-02-53. Assessment ~~increase~~notice to property owner.

1. ~~a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~An assessor shall deliver written notice of the ~~amount of increase and the~~amount of the ~~previous~~true and full value of each parcel of taxable property for the current ~~year's assessment to the property owner at the expense of the assessment district for which the assessor is employed~~and previous year, including improvements, which have been assessed by the assessor.

2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the~~

~~state board of equalization, if the state board of equalization ordered the assessment increase.~~

~~c.~~3. The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show the~~contain:

a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year and for the previous year ~~and must also show the~~.

b. The date ~~prescribed by law~~, time, and location for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date, time, and location of the county board of equalization~~hearing of each taxing district~~.

~~d.~~4. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.

~~2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.~~

SECTION 18. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board ~~- Limitation on increase - Notice~~.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the~~

~~previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 19. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board ~~- Limitation on increase - Notice~~.

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform~~, except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it~~. All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 20. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~- Limitation on increase - Notice~~.

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in

subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

2. Notwithstanding any other provision of this section:

   a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.

   b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

   c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the

wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 21. AMENDMENT. Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property ~~a preliminary budget statement and~~ the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.
2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:
   a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located~~, which anticipate levying in excess of one hundred thousand dollars in the current year,~~ and the location at which the taxing district's budget is available for review; and
   b. ~~The true and full value of the property based on the best information available;~~
   ~~c.~~ ~~A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding~~

~~taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;~~

~~d. A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~

~~e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~

f. A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy~~; and~~

~~g. The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year~~.

3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year~~.

SECTION 22. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Limitation on levies by taxing districts without voter approval.

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable percentage limit.

   b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.

2. The limitation under subsection 1 does not apply to:

   a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:

      (1) A change in state law.

      (2) Approval by the electors of the taxing district.

   b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.

   c. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

   d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

   e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.

   f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in

special assessment and improvement district funds and revenue bond and reserve funds.

g. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

h. Taxes levied under sections 40-24-10, 40-43-01, 57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.

i. Taxes levied, up to ~~eighteen~~thirty-six mills, under section 57-15-20.

3. ~~A~~Beginning in taxable year 2028, a majority of the qualified electors in a taxing district~~,~~ voting on the question at a ~~regular or special~~statewide general election ~~of the taxing district,~~ may approve a property tax levy exceeding the limitation under subsection 1 for ~~only one~~four taxable ~~year~~years at a time, beginning with the taxable year after the general election during which the ballot measure was approved. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1.

4. For taxable year 2025, a city may levy an amount equal to the amount levied in dollars in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy under section 57-15-08 without including the dollars levied for this purpose as part of the limitation under subsection 1.

5. A city or county may not supersede or modify the application of this section under home rule authority.

6. For purposes of this section:

a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:

(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.

(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.

b. "Allowable percentage limit" means three percent, except the term means two percent for taxable year 2025 for a city with a population of ten thousand or more and two percent for taxable year 2025 for a county or park district with a population of twenty thousand or more. For purposes of determining a taxing district's population under this subdivision, the taxing district shall use the most recent actual or estimated census data published by the United States census bureau that is available when the taxing district budget is approved by the governing body of the taxing district.

c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.

d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The allowable percentage limit; and

(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.

e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

SECTION 23. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must:
   a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.
   b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:
      (1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.
      (2) The amount of property tax levied as a result of voter-approved levy authority, which must be separately stated for each taxing district that levied property tax as a result of voter-approved levy authority.
   c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.
      (1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the~~

~~number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

(a) ~~Fifty mills~~The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; ~~or~~and

(b) The 2012 taxable year mill rate of the school district ~~minus~~excluding sixty mills.

(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

(1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit

pursuant to section 5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 24. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 25. LEGISLATIVE INTENT - CONSIDERATION OF FUTURE PROPERTY TAX RELIEF. It is the intent of the sixty-ninth legislative assembly that the seventieth legislative assembly consider using any funding available from the legacy property tax relief fund exceeding the amount needed for the primary residence credit to provide property tax relief to other property classifications, including agricultural property.

SECTION 26. APPROPRIATION - ~~TRANSFER - GENERAL FUND TO LEGACY PROPERTY TAX RELIEF FUND -~~ TAX COMMISSIONER - PRIMARY RESIDENCE CREDIT - INFORMATION ON PROPERTY TAX STATEMENTS ~~- TAX COMMISSIONER~~.

1. ~~There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $74,601,793, which the office of management and budget shall transfer to the legacy property tax relief fund, during the biennium beginning July 1, 2025, and ending June 30, 2027. For legislative council budget status reporting purposes, the transfer under this subsection is considered an ongoing funding item.~~

~~2.~~ There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of ~~$473,000,000~~$398,398,207, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit for the biennium beginning July 1, 2025, and ending June 30, 2027. ~~Of the $473,000,000, $74,601,793 is from the general fund pursuant to subsection 1, and $398,398,207 is from the legacy earnings fund.~~

~~3.~~2. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is ~~84.23~~100 percent,

which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

~~**SECTION 26. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,450,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of the state reimbursement of the homestead tax credit, for the biennium beginning July 1, 2025, and ending June 30, 2027.~~

SECTION 27. EFFECTIVE DATE.

1. Sections 8, 9, 10, and 22 of this Act are effective for taxable years beginning after December 31, 2024.
2. Sections 7, 11, 14, 15, and 16 of this Act are effective for taxable years beginning after December 31, 2025.
3. Section 12 of this Act becomes effective on June 1, 2025.
4. Section 13 of this Act becomes effective on June 1, 2026.

SECTION 28. EMERGENCY. Sections 10 and 12 of this Act are declared to be an emergency measure.

PROPERTY TAX RELIEF

$1,450
per year in 2025-27

$473M
state contribution

Nearly triples residential property tax credit to $1,450* per primary residence

- $74.7M from the General Fund
- $398.4M from the Legacy Earnings Fund
- Expands Homestead Credit and Renter's Refund program

PATH TO ZERO PROPERTY TAX

The primary residence credit grows as Legacy Earnings Fund grows, with no General Fund cost beyond the 2025-27 biennium.

BIENNIUM	TOTAL CREDIT**	GENERAL FUND TAX CREDIT	LEGACY PROPERTY TAX CREDIT***
2025-27	**$1,450**	$229	$1,221
2027-29	**$1,635**	$0	$1,635
2029-31	**$2,156**	$0	$2,156
2031-33	**$2,613**	$0	$2,613***
2033-35	**$3,098**	$0	$3,098
2035-37	**$3,619**	$0	$3,619
2037-39	**$4,172**	$0	$4,172

Senate Appropriations Consideration of HB 1176
March 27, 2025

Senator Mark Weber; Senator David Hogue

Summary of purpose of amendments

1. **Skin in the game amendment**.
   - Reduces spending by reducing PRTC to maximum of $1250; maximum of 75% of tax liability, and minimum credit of $500. **Page 9, lines 5-10.**
   - **We should be flexible to spend more if we see progress on cuts to other GF spending.**
   - The cost of primary residence tax credit is reduced approximately $75 million to $ 400 million ($ 398.4 million). **Page 39, line 24**.

Property Taxes on an Owner Occupied Home in North Dakota
Payable in 2023

$100,000 Home

City	Tax Amount*
Bowman	$1,162
Carrington	$1,323
Grafton	$1,793
Kenmare	$1,270
Lisbon	$1,016
Rugby	$1,250
Washburn	$1,460`

$200,000 Home

City	Tax Amount*
Bismarck	$3,786
Devils Lake	$2,997
Dickinson	$2,312
Fargo	$2,671
Grand Forks	$3,477
Jamestown	$2,767
Mandan	$2,539
Minot	$2,833
Valley City	$2,902
Wahpeton	$3,030
West Fargo	$2,608
Williston	$1,906

* Calculations assume taxes are paid by February 15th, allowing the taxpayer a 5% discount.

2. Legislative Intent amendment

- Signal to 70th LA that Legacy Fund earnings should provide broad based tax relief to a wide range of taxpayers.
- **Page 39, lines 9-13**.
- Legislative intent increasingly important in term limit era;
- Fosters broad based support for Legacy Fund as permanent;
- Primary residence owners are critical base of support, but so are other ND residents.

3. Initial 2% cap on large cities, counties, park districts

For large cities, counties, and park districts, 2% for 2025 **only**. **Page 36; lines 1-8**. Large cities are above 10,000; large counties and park districts are above 20,000 population. **Leave School districts alone**.

Rationale: collateral sources of income from user fees, state aid distribution, sales taxes.

Events, building rentals, opioid settlement, grants, liquor licenses, property leases,

4. Election Deferral until 2028

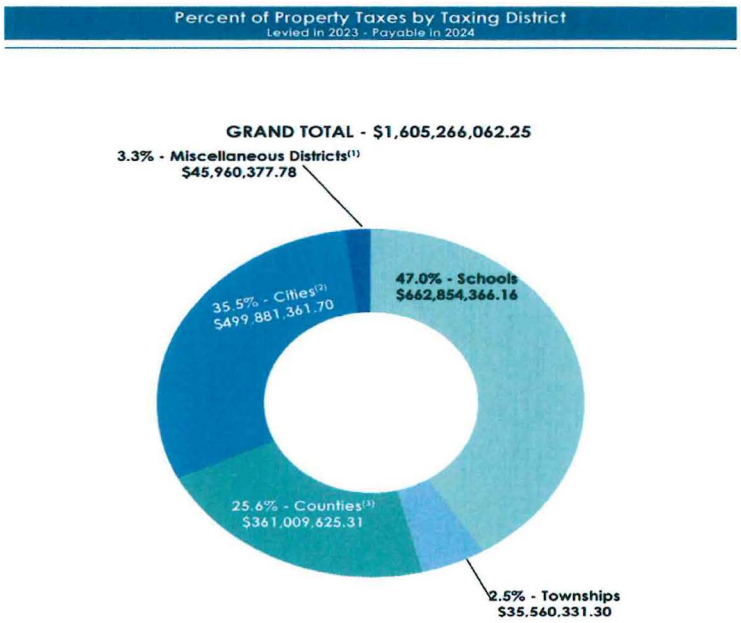
- Political subdivisions should not host elections until the caps have been in place for 2 budget cycles.

- We are enacting fundament reform. We need to evaluate those impacts on all political subdivisions.

- **Page 34, line 8**.

5. Township amendment to go to 36 mils

- Senator Weber proposes increase of township mill levy authority.



25.1003.04004
Title.

Prepared by the Legislative Council staff for Senator Mathern
March 18, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO SECOND ENGROSSMENT

REENGROSSED HOUSE BILL NO. 1176

Introduced by

Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek, Vigesaa

Senators Bekkedahl, Hogue, Weber, Rummel

A BILL for an Act to create and enact two new sections to chapter 54-27~~,~~ and a new section to chapter 57-02~~, and a new section to chapter 57-15~~ of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, and a primary residence certification~~, and a limitation on property tax levies without voter approval~~; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide an appropriation; to provide a transfer; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-135~~ of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

SECTION 2. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
   a. State bonding fund.
   b. Teachers' fund for retirement.
   c. State fire and tornado fund.
   d. Workforce safety and insurance fund.
   e. Public employees retirement system.
   f. Insurance regulatory trust fund.
   g. State risk management fund.
   h. Budget stabilization fund.
   i. Water projects stabilization fund.
   j. Health care trust fund.
   k. Cultural endowment fund.
   l. Petroleum tank release compensation fund.
   m. Legacy fund.
   n. ~~Legacy earnings fund.~~
   ~~o.~~ Opioid settlement fund.
   ~~p.~~o. A fund under contract with the board pursuant to subsection 3.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of ~~preliminary budget statement - Contents - How given~~public budget hearing date.

~~1.~~ On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:

~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

~~b.~~1. Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.

~~c.~~2. Provide notice of the public budget hearing date to the county auditor.

~~2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~

~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~

~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

SECTION 4. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

54-27-19.3. Legacy earnings highway distribution fund.

A legacy earnings highway distribution fund is created as a special fund in the state treasury into which must be deposited any allocations of legacy fund earnings made under section ~~21-10-13~~5 of this Act. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;

3. One and five-tenths percent must be transferred to the public transportation fund; and
4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to seven percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate funding in July of each odd-numbered year in the following order:
   a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.
   b. The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.
   c. The remaining amount to the legacy property tax relief fund under section 6 of this Act.

SECTION 6. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy property tax relief fund.

There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section 5 of this Act and all moneys transferred to the fund by the legislative assembly.

SECTION 7. AMENDMENT. Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

57-02-01. Definitions.

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.
   a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
      (1) The land is platted by the owner.
      (2) Public improvements, including sewer, water, or streets, are in place.
      (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.
      (4) Property is zoned other than agricultural.
      (5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
      (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.
      (7) The property sells for more than four times the county average true and full agricultural value.

b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.

2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.

3. "Assessed valuation" means fifty percent of the true and full value of property.

4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.

5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~11~~,10, 12, 13, and ~~12~~14.

6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.

7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.

8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.

9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.

10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.

11. "Person" includes a firm, corporation, or limited liability company.

~~11.~~12. "Primary residential property" means residential property certified as a primary residence under section 14 of this Act.

13. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.

~~12.~~14. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.

~~13.~~15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.

~~14.~~16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.

~~15.~~17. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.

~~16.~~18. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.

~~17.~~19. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use,

the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

SECTION 8. AMENDMENT. Subdivision c of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

c. The exemption must be determined according to the following schedule:

(1) If the person's income is not in excess of ~~forty~~fifty 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~~fifty thousand dollars and not in excess of ~~seventy~~eighty 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.

SECTION 9. AMENDMENT. Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

b. For the purpose of this subsection, twenty 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 expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of ~~four hundred~~six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

SECTION 10. AMENDMENT. Section 57-02-08.9 of the North Dakota Century Code as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, is amended and reenacted as follows:

57-02-08.9. Primary residence credit - Qualification - Application. (Effective for the first ~~two~~ taxable ~~yearsyear~~ beginning after December 31, ~~2023~~2024)

1. A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the taxpayer's primary residence as provided in this section. The credit ~~may~~:
   a. Is limited to one thousand four hundred fifty dollars.
   b. May not reduce the property tax due on voter-approved levies.
   c. May not reduce the liability for special assessments levied upon any property.
   d. May not exceed the amount of property tax due against the primary residence. ~~The credit must~~
   e. Must be applied to reduce the property tax owed on the taxpayer's primary residence after other exemptions or credits under this chapter have been applied.
2. For purposes of this section:
   a. "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.
   b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:
      (a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;
      (b) Designed or adapted for human residence;
      (c) Used as a residence; and
      (d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.
      (2) For purposes of the definition of "primary residence" under this subdivision:
      (a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

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

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. A trust may not claim a credit for more than one

primary residence under this section. If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

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

   a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.

   b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.

8. 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.

SECTION 11. 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 taxable year beginning after December 31, 2024)~~

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary ~~residence~~residential property as provided in this section. The credit:
   a. Is limited to one thousand four hundred fifty dollars.
   b. May not reduce the property tax due on voter-approved levies.
   c. May not reduce the liability for special assessments levied upon any property.
   d. May not exceed the amount of property tax due against the parcel of primary ~~residence~~residential property.

e. Must be applied to reduce the property tax owed on the ~~taxpayer's~~parcel of primary ~~residence~~residential property after other exemptions or credits under this chapter have been applied.

2. ~~For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary ~~residence~~residential property. A trust may not claim a credit for more than one parcel of primary ~~residence~~residential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary ~~residence~~residential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. 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.~~

SECTION 12. 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, 2026~~May 31, 2026)

1. By ~~June first of each year~~June 1, 2025, the tax commissioner shall:
   a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.
   b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and
   ~~b.~~c. Provide to each county auditor:
      (1) A copy of each approved application under subdivision ~~a~~b which identifies a primary residence located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.

2. By November 1, 2025, the tax commissioner shall:

a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and

b. Provide to each county auditor:

(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and

(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.

3. a. For taxable year 2025:

(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.

b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter

57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.

~~3.~~4. By ~~January first of each year~~January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 1~~subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~against property taxes owed on primary residences in the county ~~for the preceding year~~as provided in subsection 3.

~~4.~~5. By ~~June first of each year after 2024~~May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~allowed under section 57-02-08.9 in each county for the preceding year~~applied against property taxes owed on primary residences in the county as provided in subsection 3.

~~5.~~6. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.~~7. 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 corrections necessary because of errors.

~~7.~~8. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.~~9. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 13. 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 May 31, 2026)~~

1. ~~By June 1, 2025, the tax commissioner shall:~~

~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~

~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~

~~c. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

~~2. By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3. a. For taxable year 2025:~~

~~(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.~~

~~(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~

~~b.~~ ~~For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each ~~primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

~~4.~~2. By January ~~15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits ~~approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which~~that were applied against property taxes owed on primary residences in the county ~~as provided in subsection 3~~for:

a. The preceding taxable year for primary residential property taxed as real estate under this title.

b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

~~5.~~3. By May ~~31, 2026~~thirty-first of each year, the tax commissioner shall ~~review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and~~ certify to the state treasurer for payment to each county the

aggregate dollar amount of credits ~~applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection ~~3~~2.

~~6.~~4. Within fourteen days of receiving the payment from the state treasurer, ~~but no later than June thirtieth of each year,~~ the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~7.~~5. 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 corrections necessary because of errors.

~~8.~~6. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~9.~~7. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 14. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence certification - Eligibility for primary residential property classification - Application.

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under

this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.

a. An application for primary residence certification must be filed by February first of each year to request a primary residence certification for:

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

(2) 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.

b. As soon as practicable after receiving the applications, no later than February twenty-eighth of each year, the tax commissioner shall:

(1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b, no later than March fifteenth of each year, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.

d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.

e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.

4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.

5. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section. Application forms must include the full name and address of

the applicant and any other information prescribed by the tax commissioner. The county director of tax equalization shall make these forms available to applicants upon request.

6. For purposes of this section:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and, subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary

residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

SECTION 15. AMENDMENT. Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.

1. All property subject to taxation based on the value thereof must be valued as follows:

~~1.~~ a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.

~~2.~~ b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.

~~3.~~ c. All commercial property to be valued at ten percent of assessed value.

~~4.~~ d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

2. The ~~resulting~~ amounts ~~must be known as~~resulting from the calculation under subsection 1 are the taxable valuation.

3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

SECTION 16. AMENDMENT. Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27.1. Property to be valued at true and full value.

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as

provided in ~~subsection 15 of~~ section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.

2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

SECTION 17. AMENDMENT. Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

57-02-53. Assessment ~~increase~~notice to property owner.

1. ~~a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~An assessor shall deliver written notice of the ~~amount of increase and the~~amount of the ~~previous~~true and full value of each parcel of taxable property for the current ~~year's assessment to the property owner at the expense of the assessment district for which the assessor is employed~~and previous year, including improvements, which have been assessed by the assessor.

2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the~~

~~state board of equalization, if the state board of equalization ordered the assessment increase.~~

~~c.~~3. The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show the~~contain:

a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year and for the previous year ~~and must also show the~~.

b. The date ~~prescribed by law~~, time, and location for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date, time, and location of the county board of equalization~~hearing of each taxing district~~.

~~d.~~4. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.

~~2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.~~

SECTION 18. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board ~~- Limitation on increase - Notice~~.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the~~

~~previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 19. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board ~~- Limitation on increase - Notice~~.

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform~~, except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it~~. All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 20. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~- Limitation on increase - Notice~~.

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in

subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

2. Notwithstanding any other provision of this section:

   a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.

   b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

   c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the

wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 21. AMENDMENT. Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property ~~a preliminary budget statement and~~ the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.
2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:
   a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located~~, which anticipate levying in excess of one hundred thousand dollars in the current year,~~ and the location at which the taxing district's budget is available for review; and
   b. ~~The true and full value of the property based on the best information available;~~
   ~~c.~~ ~~A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding~~

~~taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;~~

~~d. A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~

~~e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~

f. A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy~~; and~~

~~g. The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year~~.

3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year~~.

~~**SECTION 22.** A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:~~

~~**Limitation on levies by taxing districts without voter approval.**~~

~~1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable percentage limit.~~

~~b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.~~

~~2. The limitation under subsection 1 does not apply to:~~

~~a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:~~

~~(1) A change in state law.~~

~~(2) Approval by the electors of the taxing district.~~

~~b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.~~

~~c. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.~~

~~d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.~~

~~e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.~~

~~f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in~~

~~special assessment and improvement district funds and revenue bond and reserve funds.~~

~~g. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.~~

~~h. Taxes levied under sections 40-24-10, 40-43-01, 57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.~~

~~i. Taxes levied, up to eighteen mills, under section 57-15-20.~~

~~3. A majority of the qualified electors in a taxing district, voting on the question at a regular or specialstatewide general election of the taxing district, may approve a property tax levy exceeding the limitation under subsection 1 for only onefour taxable yearyears at a time, beginning with the taxable year after the general election during which the ballot measure was approved. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1.~~

~~4. For taxable year 2025, a city may levy an amount equal to the amount levied in dollars in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy under section 57-15-08 without including the dollars levied for this purpose as part of the limitation under subsection 1.~~

~~5. A city or county may not supersede or modify the application of this section under home rule authority.~~

~~6. For purposes of this section:~~

~~a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:~~

~~(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:~~

~~(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.~~

~~(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.~~

~~(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:~~

~~(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.~~

~~(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.~~

~~(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.~~

~~(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.~~

~~b. "Allowable percentage limit" means three percent.~~

~~c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.~~

~~d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:~~

~~(1) The allowable percentage limit; and~~

~~(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.~~

~~e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:~~

~~(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and~~

~~(2) The allowable percentage limit.~~

~~f. "Taxing district" means any political subdivision empowered to levy taxes.~~

SECTION 22. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their

request and the furnishing of their names and addresses to the county treasurer. The tax statement must:

a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.

b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:

(1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.

(2) The amount of property tax levied as a result of voter-approved levy authority, which must be separately stated for each taxing district that levied property tax as a result of voter-approved levy authority.

c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

(a) ~~Fifty mills~~The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; ~~or~~and

(b) The 2012 taxable year mill rate of the school district ~~minus~~excluding sixty mills.

(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount

calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

(1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section 5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 23. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 24. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY PROPERTY TAX RELIEF FUND - INFORMATION ON PROPERTY TAX STATEMENTS - TAX COMMISSIONER.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $74,601,793, which the office of management and budget shall transfer to the legacy property tax relief fund, during the biennium beginning July 1, 2025, and ending June 30, 2027. For legislative council budget status reporting purposes, the transfer under this subsection is considered an ongoing funding item.
2. There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of $473,000,000, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit for the biennium beginning July 1, 2025, and ending June 30, 2027. Of the $473,000,000, $74,601,793 is from the general fund pursuant to subsection 1, and $398,398,207 is from the legacy earnings fund.
3. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is 84.23 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

SECTION 25. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,450,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of the state reimbursement of the homestead tax credit, for the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 26. EFFECTIVE DATE.

1. Sections 8, 9, and 10~~, and 22~~ of this Act are effective for taxable years beginning after December 31, 2024.
2. Sections 7, 11, 14, 15, and 16 of this Act are effective for taxable years beginning after December 31, 2025.
3. Section 12 of this Act becomes effective on June 1, 2025.
4. Section 13 of this Act becomes effective on June 1, 2026.

SECTION 27. EMERGENCY. Sections 10 and 12 of this Act are declared to be an emergency measure.

2025 CONFERENCE COMMITTEE

HB 1176

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
4/22/2025
Conference Committee

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

3:30 p.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Representatives Nathe, Bosch; Chairman Weber, Senators Bekkedahl, Erbele

Discussion Topics:

- Legacy Earnings Fund
- Primary Resident Credit
- Political subdivisions
- School aid formula
- Deficiency appropriations

3:30 p.m. Chairman Headland, District 29, submitted amendment LC#25.01003.04013, testimony #45130, #45139.

3:31 p.m. Megan Gordon, Legal Counsel, ND Legislative Council, stood to explain Amendment LC#25.1003.04013.

3:55 p.m. Charles Dendy, General Counsel, ND State Tax Commissioner, stood for questions.

3:56 p.m. Aaron Birst, General Counsel, ND Association of Counties, stood for questions.

3:59 p.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

Gordon, Megan J.

From: Gordon, Megan J.
Sent: Monday, April 21, 2025 10:41 PM
To: Headland, Craig A.
Subject: FW: (Rep. Headland) Amendment Request - HB 1176 - LC# 25.1003.04013
Attachments: 25.1003.04013m.pdf

Representative Headland,

The conference committee amendment draft you requested to Reengrossed House Bill No. 1176 was recently sent from our office's administrative account. A copy is attached for your convenience.

As requested, I put together a brief overview of the attached amendment draft for your reference.

The amendment draft is prepared to Reengrossed House Bill No. 1176 in place of the amendment adopted by the Senate (25.1003.04011). The amendments are summarized in the table below:

Bill Section(s)/ Page Number	Brief description of amendment
Section 5 (page 4)	**Legacy Earnings Fund** Amends the newly created legacy earnings fund provision by: • Changing the distribution from the legacy fund from 7 percent to 8 percent of the 5-year average value of the legacy fund balance as reported by the State Investment Board. • Changing the list of allocations from the legacy earnings fund, including an allocation to a newly created legacy property tax relief fund.
Page 8	**Removal of Homestead Tax Credit Expansion** Removes the proposed expansion of the homestead tax credit. ***NOTE:*** *This proposed change does not affect the increase of the maximum renters refund amount.*
Section 9 (pages 8-11)	**Disabled Veterans' Credit Expansion** Includes the changes to the disabled veterans' credit proposed in Engrossed House Bill No. 1266, related to increasing the maximum credit amount from $8,100 in taxable value to $9,000 in taxable value. The changes also add language to provide for a situation in which a disabled veteran co-owns a home with someone other than their spouse, such as their parent or child.
Sections 10 and 11 (pages 11 and 17)	**Primary Residence Credit -- Amount** Increases the primary residence credit amount by $200, from $1,450 to $1,650. This amendment does not propose the language added by the Senate which limited the credit based on a percentage of property taxes due.
Sections 10, 11, and 24 (pages 11, 17, and 41-42)	**Primary Residence Credit and Real Estate Tax Statement -- Voter-Approved Levies**

	Removes the provision stating that the primary residence credit may not be applied to reduce property taxes owed as a result of voter-approved levies in Sections 11 and 12. Replaces the language in Section 24 (which required a separate listing of property tax levied as a result of voter-approved levy authority) with language that requires the real estate tax statement to include the amount of tax levied as a result of mills levied by a school district under NDCC § 21-03-15 and NDCC § 57-15-14.2(7)(b).
Section 14 (pages 25-26)	**Primary Residence Certification Timeline Adjustments** Adjusts the primary residence certification timeline (beginning in taxable year 2026) by: • Moving the application deadline for the primary residence certification from February 1st to April 1st. • Moving the deadline by which the Tax Commissioner must review primary residence certification applications, determine which applicants qualify for the certification, and provide a copy of the application to the appropriate county director of tax equalization from February 28th to May 31st. • Removes "no later than March fifteenth of each year," from the language related to the deadline to notify the applicant of the approval or denial of the application and to reflect the appropriate classification on the assessment list.
Section 22 (page 37)	**Property Tax Levy Limitation -- Township Levies** Removes the following language from the list of levies in subsection 2 to which the levy limitation does not apply: *"Taxes levied, up to eighteen mills, under section 57-15-20"* [township general fund levy] Adds language in subsection 3(b) related to township voting procedures to approve a levy over the levy limitation.
Section 22 (page 36)	**Property Tax Levy Limitation -- Chapter 57-47 Borrowing** Adds subdivision "g" to the list in subsection 2 of levies to which the levy limitation does not apply, which references taxes levied to pay bonds, evidences of indebtedness, or obligations of any political subdivision, including taxes levied to pay evidences of indebtedness under chapter 57-47.
Section 26 (page 43)	**Legislative Intent Provision** Adds the same legislative intent provision as was included in the amendments to HB 1168 adopted by the Senate (25.0044.08006)
Section 27 (pages 43-45)	**Legislative Tax Reform and Relief Advisory Committee** Adds a study modeled after last interim's Tax Relief Advisory Committee to study property tax reform and relief, comprised of three members from each chamber's Finance and Taxation standing committee, appointed by their respective Majority Leader. The section includes the following study topics: • Historical property tax relief provided by the Legislative Assembly. • Estimated and actual fiscal impact of property tax relief provided by the 69th Legislative Assembly. • Information from local taxing district representatives regarding implementation of the primary residence credit and primary residence certification.

	• Information and analysis from the Tax Commissioner of the impact of the property tax levy limitation, based on information gathered by the Tax Commissioner from the local taxing districts. • Feasibility and desirability of revising the content of the real estate tax statement to improve transparency in property taxation.
Sections 23 and 28 (pages 39-41; 45-46)	**School District Levies and Integrated Formula Gap Funding Program** Section 24 separates out the 70-mill general fund levy authority for school districts available under current law into two separate levies to clarify which mills are authorized to be levied for the local costs of education under the state school aid formula. The 70-mill levy is separated as follows: • 60 mills on the taxable valuation of the school district for the school district's local contribution to the costs of education. • 10 mills on the taxable valuation of the school district for any purpose related to the provision of educational services. Section 28 creates an integrated formula gap funding program to address a potential shortfall in the state school aid funding formula if a school district is required to reduce its levy for the school district's local contribution to the cost of education below 60 mills to comply with the property tax levy limitation. Generally speaking, a school district would be eligible for gap funding if, after the school district fully reduced its 10-mill general fund levy and 12-mill miscellaneous levy, the school district was required to further reduce its levy for the school district's local contribution to the cost of education below 60 mills due to the property tax levy limitation. More details and requirements for the program are provided in Section 28.
Section 29 (page 46-47)	**Appropriation Provision** Appropriates $ 438.2 million from the legacy property tax relief fund for the state reimbursement of the primary residence credit, all of which is allocated from the legacy earnings fund and includes language which provides that if the Tax Commissioner anticipates a shortfall in the amount appropriated for the 2025-27 biennium, the Tax Commissioner shall request a deficiency appropriation from the 70th Legislative Assembly.
Section 30 (page 47)	**Tax Relief Advertisements - Reference to Legacy Fund Earnings** Includes language which requires the Tax Commissioner to identify the amount of funding being utilized from the earnings of the legacy fund for any tax relief programs in program advertising or public awareness campaigns.

I hope you will find this information helpful. If you have questions, let me know.

Thank you,

Megan J. Gordon
Code Revisor
North Dakota Legislative Council
600 East Boulevard Ave
Bismarck, ND 58505
mjgordon@ndlegis.gov

701.328.2916

From: donotreply@ndlegis.gov <donotreply@ndlegis.gov>
Sent: Monday, April 21, 2025 9:06 PM
To: Headland, Craig A. <cheadland@ndlegis.gov>
Cc: Gordon, Megan J. <mjgordon@ndlegis.gov>
Subject: (Rep. Headland) Amendment Request - HB 1176 - LC# 25.1003.04013

Please see the attached Amendment documents.

Thank you.

25.1003.04013
Title.

Prepared by the Legislative Council staff for Representative Headland
April 21, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO SECOND ENGROSSMENT

REENGROSSED HOUSE BILL NO. 1176

Introduced by

Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek, Vigesaa

Senators Bekkedahl, Hogue, Weber, Rummel

In place of amendment (25.1003.04011) adopted by the Senate, Reengrossed House Bill No. 1176 is amended by amendment (25.1003.04013) as follows:

A BILL for an Act to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, ~~subdivision c of subsection 1 of section 57-02-08.1,~~ subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.8, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, 57-15-14.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the ~~homestead tax credit and~~ renters refund, the property tax credit for disabled veterans, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, school district levies, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide for a legislative management study; to provide for a legislative management report; to provide an appropriation; ~~to provide a transfer;~~ to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-135~~ 5 of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

SECTION 2. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
   a. State bonding fund.
   b. Teachers' fund for retirement.
   c. State fire and tornado fund.
   d. Workforce safety and insurance fund.
   e. Public employees retirement system.
   f. Insurance regulatory trust fund.
   g. State risk management fund.
   h. Budget stabilization fund.
   i. Water projects stabilization fund.
   j. Health care trust fund.
   k. Cultural endowment fund.
   l. Petroleum tank release compensation fund.
   m. Legacy fund.
   n. ~~Legacy earnings fund.~~
   ~~o.~~ Opioid settlement fund.
   ~~p.~~o. A fund under contract with the board pursuant to subsection 3.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of ~~preliminary budget statement - Contents - How given~~public budget hearing date.

~~1.~~ On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:

~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

~~b.~~1. Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.

~~c.~~2. Provide notice of the public budget hearing date to the county auditor.

~~2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~

~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~

~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

SECTION 4. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

54-27-19.3. Legacy earnings highway distribution fund.

A legacy earnings highway distribution fund is created as a special fund in the state treasury ~~into which must be deposited any allocations of legacy fund earnings made under section 21-10-135 of this Act~~. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;

3. One and five-tenths percent must be transferred to the public transportation fund; and

4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to ~~seven~~eight percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.

2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate the funding in July of each odd-numbered year in the following order:

   a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.

   b. ~~The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.~~

   ~~c.~~ The remaining amount as follows:

      (1) Twenty-five percent to the highway fund.

      (2) The remainder to the legacy property tax relief fund ~~under section 6 of this Act~~.

SECTION 6. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy property tax relief fund.

There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section 5 of this Act and all moneys transferred to the fund by the legislative assembly.

SECTION 7. AMENDMENT. Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

57-02-01. Definitions.

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.
   a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
      (1) The land is platted by the owner.
      (2) Public improvements, including sewer, water, or streets, are in place.
      (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.
      (4) Property is zoned other than agricultural.
      (5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
      (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.
      (7) The property sells for more than four times the county average true and full agricultural value.

b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.

2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.

3. "Assessed valuation" means fifty percent of the true and full value of property.

4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.

5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~11,~~10, 12, 13, and ~~12~~14.

6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.

7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.

8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.

9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.

10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.

11. "Person" includes a firm, corporation, or limited liability company.

~~11.~~12. "Primary residential property" means residential property certified as a primary residence under section 14 of this Act.

13. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.

~~12.~~14. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.

~~13.~~15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.

~~14.~~16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.

~~15.~~17. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.

~~16.~~18. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.

~~17.~~19. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use,

the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

~~**SECTION 8. AMENDMENT.** Subdivision c of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:~~

~~c. The exemption must be determined according to the following schedule:~~

~~(1) If the person's income is not in excess of forty~~fifty ~~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~~fifty ~~thousand dollars and not in excess of seventy~~eighty ~~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.~~

SECTION 8. AMENDMENT. Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

b. For the purpose of this subsection, twenty 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 expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of ~~four hundred~~six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

SECTION 9. AMENDMENT. Section 57-02-08.8 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.8. Property tax credit for disabled veterans - Certification - Distribution.

1. A disabled veteran of the United States armed forces with an armed forces service-connected disability of fifty percent or greater or a disabled veteran who has

an extra-schedular rating to include individual unemployability that brings the veteran's total disability rating to one hundred percent as determined by the department of veterans' affairs, who was discharged under honorable conditions or who has been retired from the armed forces of the United States, or the surviving spouse if the disabled veteran is deceased, is eligible for a credit applied against the first ~~eight thousand one hundred~~nine thousand dollars of taxable valuation of the homestead owned and occupied by the disabled veteran or surviving spouse equal to the percentage of the disabled veteran's disability compensation rating for service-connected disabilities as certified by the department of veterans' affairs for the purpose of applying for a property tax credit. A surviving spouse who is receiving United States department of veterans affairs dependency and indemnity compensation receives a one hundred percent credit as described in this subsection. If the determination of disability or service-connected death occurs subsequent to the qualifying veteran's death through application of a law that renders a surviving spouse of a qualifying veteran eligible for United States department of veterans affairs disability and indemnity compensation, the determination for purposes of the credit under this subsection is presumed to precede the veteran's death. Sufficient proof of receipt of United States department of veterans affairs dependency and indemnity compensation includes correspondence directed to a surviving spouse of a qualifying veteran by the United States department of veterans affairs which indicates the surviving spouse is a survivor of the qualifying veteran and is in receipt of United States department of veterans affairs dependency and indemnity compensation.

2. If two disabled veterans are married to each other and living together, their combined credits may not exceed one hundred percent of ~~eight thousand one hundred~~nine thousand dollars of taxable valuation of the homestead. If a disabled veteran co-owns the homestead property with someone other than the disabled veteran's spouse, parent, or child, the credit is limited to that disabled veteran's interest in the homestead, ~~to a maximum amount~~ calculated by multiplying ~~eight thousand one hundred dollars of~~the taxable valuation ~~by~~of the disabled veteran's ~~percentage of~~ interest in the homestead property ~~and multiplying the result~~ by the applicant's certified disability percentage, not to exceed the maximum credit amount in subsection 1.

3. A disabled veteran or ~~unremarried~~ surviving spouse claiming a credit under this section for the first time shall file with the county auditor an affidavit showing the facts required under this section, a description of the property, and a certificate from the United States department of veterans' affairs, or its successor, certifying to the amount of the disability. The affidavit and certificate must be open for public inspection. A person shall thereafter furnish to the assessor or other assessment officials, when requested to do so, any information which supports the claim for credit for any subsequent year.

4. For purposes of this section, and except as otherwise provided in this section~~,~~ ~~"homestead"~~:

a. "Child" means a child by birth, adoption, or marriage.

b. "Homestead" has the meaning provided in section 47-18-01 except that it also applies to a person who otherwise qualifies under the provisions of this section whether the person is the head of the family.

c. "Parent" means a birth parent, adoptive parent, or stepparent.

5. This section does not reduce the liability of a person for special assessments levied upon property.

6. A credit under this section terminates at the end of the taxable year of the death of the applicant.

7. The board of county commissioners may cancel the portion of unpaid taxes that represents the credit calculated in accordance with this section for any year in which the qualifying owner has held title to the homestead property. Cancellation of taxes for any year before enactment of this section must be based on the law that was in effect for that tax year.

8. Before the first of March of each year, the county auditor of each county shall certify to the tax commissioner on forms prescribed by the tax commissioner the name and address of each person for whom the property tax credit for homesteads of disabled veterans was allowed for the preceding year, the amount of credit allowed, the total of the tax mill rates of all taxing districts, exclusive of any state mill rates, that was applied to other real estate in the taxing districts for the preceding year, and such other information as may be prescribed by the tax commissioner.

9. On or before the first of June of each year, the tax commissioner shall audit the certifications, make the required corrections, and certify to the state treasurer for payment to each county the sum of the amounts computed by multiplying the credit allowed for each homestead of a disabled veteran in the county by the total of the tax mill rates, exclusive of any state mill rates that were applied to other real estate in the taxing districts for the preceding year.
10. The county treasurer upon receipt of the payment from the state treasurer shall apportion and distribute the payment without delay to the county and to the local taxing districts of the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.
11. On or before the first day of June of each year, the tax commissioner shall certify to the state treasurer the amount computed by multiplying the property tax credit allowed under this section for homesteads of disabled veterans in the state for the preceding year by one mill for deposit in the state medical center fund.
12. Supplemental certifications by the county auditor and by the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make such corrections as may be necessary because of errors or because of approval of an application for abatement filed by a person because the credit provided for the homestead of a disabled veteran was not allowed in whole or in part.

SECTION 10. AMENDMENT. Section 57-02-08.9 of the North Dakota Century Code as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, is amended and reenacted as follows:

57-02-08.9. Primary residence credit - Qualification - Application. (Effective for the first ~~two~~ taxable ~~years~~year beginning after December 31, ~~2023~~2024)

1. A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the taxpayer's primary residence as provided in this section. The credit ~~may~~:
   a. Is limited to ~~one thousand four hundred fifty~~one thousand six hundred fifty dollars.
   b. ~~May not reduce the property tax due on voter-approved levies.~~
   ~~c.~~ May not reduce the liability for special assessments levied upon any property.

~~d.~~c. May not exceed the amount of property tax due against the primary residence. ~~The credit must~~

~~e.~~d. Must be applied to reduce the property tax owed on the taxpayer's primary residence after other exemptions or credits under this chapter have been applied.

2. For purposes of this section:

a. "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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.

(2) For purposes of the definition of "primary residence" under this subdivision:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary

residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

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

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. A trust may not claim a credit for more than one primary residence under this section. <u>If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.</u>

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

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

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

   a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.

   b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.

8. 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.

~~**SECTION 11. 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 taxable year beginning after December 31, 2024)**~~

~~1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residenceresidential property as provided in this section. The credit:~~

~~a. Is limited to one thousand four hundred fifty dollars.~~

~~b. May not reduce the property tax due on voter-approved levies.~~

~~c. May not reduce the liability for special assessments levied upon any property.~~

~~d. May not exceed the amount of property tax due against the parcel of primary residenceresidential property.~~

~~e. Must be applied to reduce the property tax owed on the taxpayer'sparcel of primary residenceresidential property after other exemptions or credits under this chapter have been applied.~~

~~2. For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residenceresidential property. A trust may not claim a credit for more than one parcel of primary residenceresidential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary residenceresidential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.~~

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. ~~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.~~

SECTION 11. 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~~ taxable ~~year~~years beginning after December 31, ~~2024~~2025)

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary ~~residence~~residential property as provided in this section. The credit:
   a. Is limited to one thousand six hundred fifty dollars.
   b. May not reduce the liability for special assessments levied upon any property.
   c. May not exceed the amount of property tax due against the parcel of primary ~~residence~~residential property.
   d. Must be applied to reduce the property tax owed on the ~~taxpayer's~~parcel of primary ~~residence~~residential property after other exemptions or credits under this chapter have been applied.

2. ~~For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4.~~ Only one credit under this section may be applied against the property taxes levied against any parcel of primary ~~residence~~residential property. A trust may not claim a credit for more than one parcel of primary ~~residence~~residential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary ~~residence~~residential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner, an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. 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.~~

SECTION 12. 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, 2026~~May 31, 2026)

1. By ~~June first of each year~~June 1, 2025, the tax commissioner shall:
   a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024~~.~~;
   b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and
   ~~b.~~c. Provide to each county auditor:
      (1) A copy of each approved application under subdivision ~~a~~b which identifies a primary residence located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.
2. By November 1, 2025, the tax commissioner shall:
   a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and
   b. Provide to each county auditor:
      (1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.
3. a. For taxable year 2025:
      (1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the

tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.

b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.

~~3.~~4. By ~~January first of each year~~January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 1~~subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~against property taxes owed on primary residences in the county ~~for the preceding year~~as provided in subsection 3.

~~4.~~5. By ~~June first of each year after 2024~~May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~allowed under section 57-02-08.9 in each county for the preceding year~~applied against property taxes owed on primary residences in the county as provided in subsection 3.

~~5.~~6. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.~~7. 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 corrections necessary because of errors.

~~7.~~8. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.~~9. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 13. 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~~after May 31, 2026)

1. ~~By June 1, 2025, the tax commissioner shall:~~

   ~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~

   ~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~

   ~~c. Provide to each county auditor:~~

      ~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

~~2. By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3. a. For taxable year 2025:~~

~~(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.~~

~~(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~

b. ~~For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each ~~primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

~~4.~~2. By January ~~15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits ~~approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which~~that were applied against property taxes owed on primary residences in the county ~~as provided in subsection 3~~for:

a. The preceding taxable year for primary residential property taxed as real estate under this title.

b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

~~5.~~3. By May ~~31, 2026~~thirty-first of each year, the tax commissioner shall ~~review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and~~ certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection ~~3~~2.

~~6.~~4. Within fourteen days of receiving the payment from the state treasurer, ~~but no later than June thirtieth of each year,~~ the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~7.~~5. 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 corrections necessary because of errors.

~~8.~~6. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~9.~~7. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 14. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence certification - Eligibility for primary residential property classification - Application.

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.
   a. An application for primary residence certification must be filed by ~~February~~April first of each year to request a primary residence certification for:
      (1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.
      (2) 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.
   b. As soon as practicable after receiving the applications, no later than ~~February twenty-eighth~~May thirty-first of each year, the tax commissioner shall:
      (1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b~~, no later than March fifteenth of each year~~, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.

d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.

e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.

4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.

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

6. For purposes of this section:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and,

subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

SECTION 15. AMENDMENT. Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.

1. All property subject to taxation based on the value thereof must be valued as follows:

~~1.~~ a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.

~~2.~~ b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.

~~3.~~ c. All commercial property to be valued at ten percent of assessed value.

~~4.~~ d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

2. The ~~resulting~~ amounts ~~must be known as~~resulting from the calculation under subsection 1 are the taxable valuation.

3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which

there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

SECTION 16. AMENDMENT. Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27.1. Property to be valued at true and full value.

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as provided in ~~subsection 15 of~~ section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.
2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

SECTION 17. AMENDMENT. Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

57-02-53. Assessment ~~increase~~notice to property owner.

1. ~~a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~An assessor shall deliver written notice of the ~~amount of increase and the~~amount of the ~~previous~~true and full value of each parcel of taxable property for the current ~~year's assessment to the property owner at the expense of the assessment district for which~~

~~the assessor is employed~~and previous year, including improvements, which have been assessed by the assessor.

2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the state board of equalization, if the state board of equalization ordered the assessment increase.~~

~~c.~~3. The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show the~~contain:

a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year and for the previous year ~~and must also show the~~.

b. The date ~~prescribed by law~~, time, and location for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date, time, and location of the county board of equalization~~hearing of each taxing district~~.

~~d.~~4. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.

~~2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.~~

SECTION 18. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board ~~- Limitation on increase - Notice~~.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 19. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board ~~- Limitation on increase - Notice~~.

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform~~, except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it~~. All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 20. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~- Limitation on increase - Notice~~.

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~
2. Notwithstanding any other provision of this section:
   a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was

assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.

b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may

appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 21. AMENDMENT. Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property ~~a preliminary budget statement and~~ the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.
2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:
   a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located~~, which anticipate levying in excess of one hundred thousand dollars in the current year,~~ and the location at which the taxing district's budget is available for review; and
   b. ~~The true and full value of the property based on the best information available;~~
   ~~c.~~ ~~A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;~~
   ~~d.~~ ~~A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~

~~e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~

~~f.~~ A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy~~; and~~

~~g. The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year~~.

3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year~~.

SECTION 22. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Limitation on levies by taxing districts without voter approval.

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year

levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable percentage limit.

b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.

2. The limitation under subsection 1 does not apply to:

a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:

(1) A change in state law.

(2) Approval by the electors of the taxing district.

b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.

c. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.

f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in special assessment and improvement district funds and revenue bond and reserve funds.

g. Taxes levied to pay bonds, evidences of indebtedness, or obligations of any political subdivision, including taxes levied to pay evidences of indebtedness under chapter 57-47.

h. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

~~h.~~i. Taxes levied under sections 40-24-10, 40-43-01, 57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.

~~i. Taxes levied, up to eighteen mills, under section 57-15-20.~~

3. ~~A~~

a. Except as provided in subdivision b, a majority of the qualified electors in a taxing district voting on the question at a statewide general election may approve a ballot measure to authorize the taxing district to impose a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year after the general election during which the ballot measure was approved. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1. The procedure under this subsection applies only to authorization of a property tax levy exceeding the limitation under subsection 1.

b. A majority of the qualified electors in a township voting on the question at an annual township meeting may approve a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year during which the annual township meeting vote under this subdivision is held. The notice and voting procedures applicable to the approval of a township tax levy under section 57-15-19 and approval of increased township general fund levy authority under section 57-15-20 apply to the vote under this subsection. The electors of the township voting on the question must be notified of the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1 before the vote.

4. For taxable year 2025, a city may levy an amount equal to the amount levied in dollars in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy under section 57-15-08 without including the dollars levied for this purpose as part of the limitation under subsection 1.

5. A city or county may not supersede or modify the application of this section under home rule authority.

6. For purposes of this section:

a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:

(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.

(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.

b. "Allowable percentage limit" means three percent.

c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.

d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The allowable percentage limit; and

(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.

e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

SECTION 23. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

1. The board of a school district may levy a tax ~~not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent,~~ up to an amount in dollars that would be generated by a levy of ~~seventy~~sixty mills on the taxable valuation of the district, for ~~any purpose related to the provision of educational services~~the school district's local contribution to the costs of education. The proceeds of this levy must be deposited into the school district's general fund and may be used ~~in accordance with this subsection~~for any purpose related to the provision of educational services. The proceeds may not be transferred into any other fund.
2. The board of a school district may levy no more than ten mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
3. The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

~~3.~~4. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.

~~4.~~5. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

~~5.~~6. The board of a school district may levy no more than five mills on the taxable valuation of the district, pursuant to section 57-15-15.1, for purposes of developing a school safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be

deposited into a special fund known as the school safety plan fund and used in accordance with this subsection.

~~6.~~7. Nothing in this section limits the board of a school district from levying:

a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and

b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 24. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must:

   a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.

   b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:

      (1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.

      (2) The amount of property tax levied as a result of ~~voter-approved levy authority, which must be separately stated for each taxing district that levied property tax as a result of voter-approved levy authority~~mills levied by a

school district under section 21-03-15 and subdivision b of subsection 7 of section 57-15-14.2.

c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

(a) ~~Fifty mills~~The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; ~~or~~and

(b) The 2012 taxable year mill rate of the school district ~~minus~~excluding sixty mills.

(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

(1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section 5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 25. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 26. LEGISLATIVE INTENT - CONSIDERATION OF FUTURE PROPERTY TAX RELIEF. It is the intent of the sixty-ninth legislative assembly that the seventieth legislative assembly consider using any funding available from the legacy property tax relief fund exceeding the amount needed for the primary residence credit to provide property tax relief to other property classifications, including agricultural, commercial, centrally assessed, and nonprimary residential property.

SECTION 27. LEGISLATIVE TAX REFORM AND RELIEF ADVISORY COMMITTEE - PROPERTY TAX REFORM AND RELIEF STUDY - TAX COMMISSIONER REPORT - REPORT TO LEGISLATIVE MANAGEMENT.

1. During the 2025-26 interim, the legislative management shall appoint a legislative tax reform and relief advisory committee.

2. The committee must consist of three members of the finance and taxation standing committee of the house of representatives and three members of the finance and taxation standing committee of the senate, appointed by the respective majority leaders of the house of representatives and senate. The legislative management shall designate the chairman of the committee. The committee shall operate according to the statutes and procedures governing the operation of other legislative management interim committees.

3. The committee shall study property tax reform and relief. Based on information provided by the tax department and input from local taxing districts, the study must include consideration of:

   a. Historical property tax relief provided by the legislative assembly.

   b. The estimated and actual fiscal impact of the property tax relief provided by the sixty-ninth legislative assembly.

   c. Information from the tax commissioner and local taxing district representatives regarding the progress of implementing the primary residence credit and primary residence certification process.

   d. Information and analysis from the tax commissioner regarding the impact of the property tax levy limitation under section 22 of this Act on taxing districts.

      (1) By April 1, 2026, the tax commissioner shall gather and analyze information from local taxing districts necessary to conduct an analysis of the impact of the levy limitation, including:

         (a) Action taken by the taxing districts to implement the levy limitation;

         (b) Taxing district property value increases, separated by increases on existing property and new property;

         (c) The number of taxing districts required to reduce the taxing district's total levy in dollars to comply with the levy limitation, including the method used by the taxing district to reduce the total levy in dollars and which levies were impacted by the total levy reduction; and

         (d) Suggestions for improvement of the levy limitation.

      (2) The tax commissioner shall provide a summary of the tax commissioner's findings to the committee no later than June 1, 2026.

e. The feasibility and desirability of revising the content of the real estate tax statement to improve transparency in property taxation, which may include a review of the statutory requirements related to the contents and delivery of the real estate tax statement, available historical real estate tax statements, and information regarding any administrative costs associated with updates to the real estate tax statement.

4. The committee shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly

SECTION 28. INTEGRATED FORMULA GAP FUNDING PROGRAM - DEFICIENCY APPROPRIATION REQUEST - REPORT.

1. Notwithstanding the provisions of chapter 15.1-27, the superintendent of public instruction shall develop an integrated formula gap funding program, for the biennium beginning July 1, 2025, and ending June 30, 2027.
2. To be eligible for gap funding, a school district must have:
   a. Reduced the school district's general fund and miscellaneous fund levy authority under subsections 2 and 3 of section 57-15-14.2 to zero mills in the taxable year ending during the school year due to the property tax levy limitation under section 22 of this Act;
   b. Reduced the mills levied for the school district's local contribution to the costs of education under subsection 1 of section 57-15-14.2 to less than sixty mills in the taxable year ending during the school year due to the property tax levy limitation under section 22 of this Act; and
   c. Levied at least sixty mills for the school district's local contribution to the costs of education for the taxable year preceding the taxable year ending during the school year, unless the levy was reduced due to the property tax levy limitation under section 22 of this Act or the twelve percent general fund levy limit in subsection 1 of section 57-15-14.2, as it existed on December 31, 2024.
3. A school district seeking gap funding under this section shall apply, on a form and in the manner prescribed by the superintendent of public instruction, to request gap funding. If the superintendent of public instruction determines the applicant meets the

criteria under subsection 2, the superintendent of public instruction shall issue gap funding equal to the amount by which the value of 60 mills in the state aid calculation deducted in chapter 15.1-27 exceeds the amount the school district levied for the school district's local contribution to the costs of education under subsection 1 of section 57-15-14.2 for the taxable year ending during the school year.

4. The superintendent of public instruction may use funding provided for integrated formula payments to provide gap funding to eligible school districts.

5. If the superintendent of public instruction anticipates a shortfall in funding for the integrated formula payments for the 2025-27 biennium, the superintendent shall request a deficiency appropriation from the seventieth legislative assembly.

6. The superintendent of public instruction shall provide at least one report to the budget section during the 2025-26 interim and a report to the appropriations committees of the seventieth legislative assembly regarding the status of the program.

SECTION 29. APPROPRIATION - ~~TRANSFER - GENERAL FUND TO LEGACY PROPERTY TAX RELIEF FUND~~TAX COMMISSIONER - PRIMARY RESIDENCE CREDIT - DEFICIENCY APPROPRIATION REQUEST - INFORMATION ON PROPERTY TAX STATEMENTS~~ - TAX COMMISSIONER~~.

1. ~~There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $74,601,793, which the office of management and budget shall transfer to the legacy property tax relief fund, during the biennium beginning July 1, 2025, and ending June 30, 2027. For legislative council budget status reporting purposes, the transfer under this subsection is considered an ongoing funding item.~~

~~2.~~ There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of ~~$473,000,000~~$438,193,757, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit for the biennium beginning July 1, 2025, and ending June 30, 2027. ~~Of the $473,000,000, $74,601,793 is from the general fund pursuant to subsection 1, and $398,398,207 is from the legacy earnings fund~~If the tax commissioner anticipates a shortfall in the amount appropriated for the 2025-27

biennium, the tax commissioner shall request a deficiency appropriation from the seventieth legislative assembly.

~~3.~~2. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is ~~84.23~~100 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

~~**SECTION 26. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,450,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of the state reimbursement of the homestead tax credit, for the biennium beginning July 1, 2025, and ending June 30, 2027.~~

SECTION 30. TAX COMMISSIONER - PROPERTY TAX RELIEF PROGRAMS - PUBLIC AWARENESS. Any tax relief program advertising or public awareness campaigns conducted by the tax commissioner during the biennium beginning July 1, 2025, and ending June 30, 2027, must identify the amount of funding being utilized from the earnings of the legacy fund for the programs.

SECTION 31. EFFECTIVE DATE.

1. Sections 8, 9, 10, 22, and ~~22~~23 of this Act are effective for taxable years beginning after December 31, 2024.
2. Sections 7, 11, 14, 15, and 16 of this Act are effective for taxable years beginning after December 31, 2025.
3. Section 12 of this Act becomes effective on June 1, 2025.
4. Section 13 of this Act becomes effective on June 1, 2026.

SECTION 32. EMERGENCY. Sections 10 and 12 of this Act are declared to be an emergency measure.

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
4/23/2025
Conference Committee

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

10:02 a.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Representatives Nathe, Bosch; Chairman Weber, Senators Bekkedahl, Erbele

Discussion Topics:

- Certificate of indebtedness
- School funding formula
- Three percent cap
- GAP funding
- Transition minimums / maximums

10:02 a.m. Chairman Headland called up Aaron Birst to explain ND Association of Counties amendment.

10:03 a.m. Aaron Birst, General Counsel, ND Association of Counties, stood to explain amendment on page thirty-six, line twenty-nine after chapter fifty-seven through forty-seven insert "issued by the Bank of North Dakota Infrastructure Revolving Loan Fund", testimony #45146 and #45147.

10:07 a.m. Adam Tescher, School Finance Officer, Office of Public Instruction, stood for questions.

10:27 a.m. Chairman Headland adjourned the meeting.
Janae Pinks, Committee Clerk

Birst

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1176

Page 36, line 29 after "chapter 57-47" insert "issued by the Bank of North Dakota Infrastructure Revolving Loan Fund."

Renumber accordingly

g. Taxes levied to pay bonds, evidence of indebtedness, or obligations of any political subdivisions, including taxes levied to pay evidence of indebtedness under chapter 57-47 issued by the Bank of North Dakota Infrastructure Revolving Loan Fund."

first

An official website of the State of North Dakota

BND
Bank of North Dakota

Home » Loans » Infrastructure Loans » BND Infrastructure Revolving Loan Fund

The BND Infrastructure Revolving Loan Fund provides loans to political subdivisions, the Garrison Diversion Conservancy District and the Lake Agassiz Water Authority for repair, replacement and new infrastructure projects. Applications are accepted on a continuing basis. **Click here to download the BND Infrastructure Revolving Loan Fund flyer**.

How to Apply

Login using an existing **North Dakota Login**, or register for a new **North Dakota Login**. Once logged in, start a new application in the "Funding for Infrastructure in ND – FIND " funding opportunity."

Use of Proceeds

Funds may be used for capital construction projects to construct new infrastructure or replace existing infrastructure, which provide the fixed installations necessary for the function of a political subdivision including:

- The Red River Valley Water Supply Project
- Water treatment plants
- Wastewater treatment plants
- Sewerlines and waterlines, including lift stations and pumping systems
- Storm water infrastructure, including curb and gutter construction
- Water storage systems, including dams, water tanks, and water towers
- Road and bridge infrastructure, including paved and unpaved roads and bridges
- Airport infrastructure
- Electricity transmission infrastructure
- Natural gas transmission infrastructure
- Communications infrastructure
- Emergency services facilities, excluding hospitals
- Critical political subdivision buildings and infrastructure
- Infrastructure to include water, sewer, roads and parking lots that are required to service recreation and community facilities, excludes the construction of the building or recreational amenity

Ineligible uses of proceeds include:

- Refinancing of existing debt or other obligations
- Routine maintenance and repair projects
- Construction of a recreational building or amenity
- Mixed-use paths and recreational trails

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
4/23/2025
Conference Committee

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

3:29 p.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Representatives Nathe, Bosch; Chairman Weber, Senators Bekkedahl, Erbele

Discussion Topics:

- Public K-12 caps
- Property classes
- Purpose of tax
- Commercial property
- Agriculture

3:30 p.m. Chairman Weber explained Senate amendment LC#25.1003.04011.

3:54 p.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
4/24/2025
Conference Committee

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

4:30 p.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Representatives Nathe, Bosch; Chairman Weber, Senators Bekkedahl, Erbele

Discussion Topics:

- School district levies
- Grant payments
- Funding formula
- Taxable valuations
- Per-pupil payments

4:32 p.m. Adam Tescher, School Finance Officer, ND Department of Public Instruction, stood for questions.

4:58 p.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
4/25/2025
Conference Committee

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

9:02 a.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Representatives Nathe, Bosch; Chairman Weber, Senators Bekkedahl, Erbele

Discussion Topics:

- School Mill Levies
- Property tax
- Evaluations assessments
- Tax increases
- Mill caps
- GAP funding
- Operational dollars
- School special reserve fund
- Tuition fund levy

9:10 a.m. Chairman Headland discussed North Dakota Schools' fiscal report, testimony #45186.

9:14 a.m. Adam Tescher, School Finance Officer, ND Department of Public Instruction, stood for questions, testimony #45188.

9:27 a.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

District Name	Fiscal Year of Most Recent Report	Cash & Invest From Most Recent Report	Most Recent Total Enrollment - DPI	Cash & Invest Per Pupil	Total Years of Funding in Reserve
Alexander School District #2	2023	8,837,779.00	297	29,756.83	2.7
Anamoose School District #14	2023	1,077,526.30	73	14,760.63	1.3
Apple Creek School District #39	2023	1,069,052.17	77	13,883.79	1.3
Ashley School District #9	2024	2,072,408.00	112	18,503.64	1.7
Bakker School District #10	2022	108,128.07	2	54,064.04	4.9
Barnes County North School District #7	2023	3,223,490.00	219	14,719.13	1.3
Beach School District #3	2024	2,702,115.86	249	10,851.87	1.0
Belcourt Public School District #7	2023	21,011,387.00	1462	14,371.67	1.3
Belfield School District #13	2023	3,480,158.47	236	14,746.43	1.3
Beulah School District #27	2024	4,679,650.00	738	6,340.99	0.6
Billings County School District #1	2023	11,875,411.03	89	133,431.58	12.1
Bismarck School District #1	2024	49,112,950.00	13749	3,572.11	0.3
Bottineau School District #1	2024	4,532,778.00	661	6,857.46	0.6
Bowbells School District #14	2023	1,818,040.41	89	20,427.42	1.9
Bowman County School District #1	2023	7,562,379.22	474	15,954.39	1.5
Burke Central School District #36	2022	2,305,709.99	95	24,270.63	2.2
Carrington School District #49	2023	6,246,782.00	561	11,135.08	1.0
Cavalier School District #6	2021	1,816,003.00	358	5,072.63	0.5
Center Stanton School District #1	2022	374,090.00	251	1,490.40	0.1
Central Cass School District #17	2023	3,960,289.00	998	3,968.23	0.4
Central Valley School District - Buxton #3	2024	1,748,523.00	202	8,656.05	0.8
Dakota Prairie School District #1	2023	1,973,635.90	268	7,364.31	0.7
Devils Lake School District #1	2024	16,446,729.00	1767	9,307.71	0.8
Dickinson School District #1	2023	21,210,886.00	4087	5,189.84	0.5
Divide County School District #1	2023	5,195,307.00	378	13,744.20	1.2
Drake School District #57	2023	823,252.78	75	10,976.70	1.0
Drayton School District #19	2021	1,945,750.00	172	11,312.50	1.0
Dunseith School District #1	2022	4,247,130.00	491	8,649.96	0.8
Edgeley School District #3	2023	1,914,568.00	235	8,147.10	0.7
Edmore School District #2	2024	1,364,594.00	17	80,270.24	7.3
Eight Mile School District #6	2023	4,554,734.12	318	14,323.06	1.3
Elgin New Leipzig School District #49	2021	867,356.00	159	5,455.07	0.5
Ellendale School District #40	2020	2,445,936.00	296	8,263.30	0.8
Emerado School District #2	2018	1,070,481.62	86	12,447.46	1.1
Enderlin Area School District #24	2023	1,242,977.00	298	4,171.06	0.4
Fairmount School District #18	2021	1,073,612.00	97	11,068.16	1.0
Fargo School District #1	2022	63,300,254.00	11281	5,611.23	0.5
Fessenden Bowdon School District #25	2022	2,006,186.00	178	11,270.71	1.0
Finley Sharon School District #19	2023	1,862,650.00	88	21,166.48	1.9
Flasher School District #39	2023	2,437,266.01	266	9,162.65	0.8
Fordville Lankin School District #79	2021	553,582.00	50	11,071.64	1.0
Fort Ransom School District #6	2023	439,674.52	11	39,970.41	3.6
Fort Totten Public School District #30	2022	1,293,217.00	159	8,133.44	0.7
Fort Yates School District #4	2022	33,007.00	46	717.54	0.1
Gackle Streeter School District #56	2021	1,033,395.00	91	11,355.99	1.0
Garrison School District #51	2023	3,414,391.42	366	9,328.94	0.8
Glen Ullin School District #48	2020	1,254,004.55	123	10,195.16	0.9
Glenburn School District #26	2023	2,139,018.39	238	8,987.47	0.8
Grafton School District #18	2024	8,537,298.00	880	9,701.48	0.9
Grand Forks School District #1	2023	26,018,341.00	7679	3,388.25	0.3
Grenora School District #99	2021	3,783,462.00	159	23,795.36	2.2
Griggs County Central School District #18	2023	2,796,347.05	261	10,713.97	1.0
Hankinson School District #8	2023	3,042,510.00	240	12,677.13	1.2
Harvey School District #38	2023	3,191,209.00	380	8,397.92	0.8
Hatton Eielson School District #7	2024	1,388,435.00	156	8,900.22	0.8
Hazelton Moffit Braddock School District #6	2023	658,512.37	134	4,914.27	0.4
Hazen School District #3	2023	1,943,352.00	579	3,356.39	0.3
Hebron School District #13	2024	2,096,363.17	151	13,883.20	1.3

Hettinger School District #13	2023	3,818,828.39	285	13,399.40	1.2
Hillsboro School District #9	2023	2,504,231.00	485	5,163.36	0.5
Hope Page Public School District	2022	4,051,454.00	149	27,190.97	2.5
Horse Creek School District #32	2023	1,179,709.71	11	107,246.34	9.7
Jamestown School District #1	2023	11,430,323.00	2019	5,661.38	0.5
Kenmare School District #28	2022	1,875,657.00	267	7,024.93	0.6
Kensal School District #19	2024	732,694.41	26	28,180.55	2.6
Kidder County School District #1	2024	3,424,863.03	356	9,620.40	0.9
Killdeer School District #16	2023	12,377,184.00	564	21,945.36	2.0
Kindred School District #2	2022	31,792,373.00	860	36,967.88	3.4
Kulm School District #7	2024	2,314,445.78	114	20,302.16	1.8
Lakota School District #66	2023	1,772,131.31	189	9,376.36	0.9
LaMoure School District #8	2024	1,058,432.81	283	3,740.05	0.3
Langdon School District #23	2022	3,114,028.00	428	7,275.77	0.7
Larimore School District #44	2024	2,846,600.00	398	7,152.26	0.7
Leeds School District #6	2024	1,286,701.00	119	10,812.61	1.0
Lewis & Clark School District #161	2024	4,731,844.00	381	12,419.54	1.1
Lidgerwood School District #28	2023	2,025,746.79	173	11,709.52	1.1
Linton School District #36	2023	1,610,730.18	223	7,223.01	0.7
Lisbon School District #19	2023	3,923,701.00	599	6,550.42	0.6
Litchville Marion School District #46	2024	4,420,495.00	141	31,351.03	2.9
Little Heart School District #4	2023	267,034.98	25	10,681.40	1.0
Lone Tree School District #6	2021	620,142.88	30	20,671.43	1.9
Maddock School District #9	2022	1,554,272.00	121	12,845.22	1.2
Mandan School District #1	2023	59,436,556.00	4395	13,523.68	1.2
Mandaree School District #36	2022	4,770,356.00	203	23,499.29	2.1
Manning School District #45	2021	13,526.82	12	1,127.24	0.1
Manvel School District #125	2021	1,158,551.00	175	6,620.29	0.6
Maple Valley School District #4	2023	4,461,590.90	229	19,482.93	1.8
Mapleton School District #7	2019	732,402.18	217	3,375.13	0.3
Marmarth School District #12	2023	707,349.77	3	235,783.26	21.4
Max School District #50	2023	2,224,063.09	126	17,651.29	1.6
May Port CG School District #14	2024	1,810,239.00	513	3,528.73	0.3
McClusky School District #19	2023	456,727.43	106	4,308.75	0.4
McKenzie School District #1	2023	48,807,657.77	2350	20,769.22	1.9
Medina School District #3	2022	1,953,078.00	199	9,814.46	0.9
Menoken School District #33	2023	261,843.21	50	5,236.86	0.5
Midkota School District #7	2022	1,218,443.00	169	7,209.72	0.7
Midway School District #128	2023	1,545,687.00	181	8,539.71	0.8
Milnor School District #2	2024	54,505.00	214	254.70	0.0
Minnewaukan School District #5	2019	2,497,584.00	247	10,111.68	0.9
Minot School District #1	2024	62,549,337.00	7519	8,318.84	0.8
Minto School District #20	2017	2,200,267.00	279	7,886.26	0.7
Mohall Lansford Sherwood School District #1	2023	3,684,044.35	291	12,659.95	1.2
Montpelier School District #14	2023	773,177.00	93	8,313.73	0.8
Mott Regent School District #1	2023	2,276,393.50	225	10,117.30	0.9
Mt. Pleasant School District #4	2022	1,922,536.00	240	8,010.57	0.7
Munich School District #19	2024	1,025,943.00	93	11,031.65	1.0
Napoleon School District #2	2024	2,805,758.00	241	11,642.15	1.1
Naughton School District #25	2023	128,651.68	16	8,040.73	0.7
Nedrose School District #4	2024	2,508,800.00	534	4,698.13	0.4
Nesson School District #2	2023	8,016,415.99	436	18,386.28	1.7
New England School District #9	2023	2,700,105.23	258	10,465.52	1.0
New Rockford Sheyenne School District #2	2023	1,470,820.00	327	4,497.92	0.4
New Salem Almont School District #49	2023	2,140,297.21	372	5,753.49	0.5
New Town School District #1	2023	55,802,062.05	923	60,457.27	5.5
Newburg United School District #54	2024	1,522,623.00	76	20,034.51	1.8
North Border School District #100	2024	3,997,420.00	305	13,106.30	1.2
North Sargent School District #3	2024	1,501,247.00	183	8,203.54	0.7

North Star School District #10	2022	1,669,310.00	283	5,898.62	0.5
Northern Cass School District #97	2024	3,581,491.00	692	5,175.57	0.5
Northwood School District #129	2024	3,045,643.00	337	9,037.52	0.8
Oakes School District #41	2023	1,583,884.00	462	3,428.32	0.3
Oberon School District #16	2023	2,437,912.00	51	47,802.20	4.3
Park River Area School District 8	2022	3,441,045.00	438	7,856.27	0.7
Parshall School District #3	2019	4,316,133.00	263	16,411.15	1.5
Pingree Buchanan School District #10	2021	776,058.49	147	5,279.31	0.5
Powers Lake School District #27	2023	1,992,511.36	210	9,488.15	0.9
Richardton Taylor School District #34	2022	2,830,117.00	320	8,844.12	0.8
Richland County School District #44	2023	1,447,731.00	285	5,079.76	0.5
Rolette School District #29	2024	1,693,871.00	125	13,550.97	1.2
Roosevelt School District #18	2023	1,482,092.62	62	23,904.72	2.2
Rugby School District #5	2023	8,811,600.00	561	15,706.95	1.4
Sargent Central School District #6	2023	1,737,487.28	173	10,043.28	0.9
Sawyer School District #16	2023	2,189,232.77	85	25,755.68	2.3
Scranton School District #33	2023	2,589,560.25	135	19,181.93	1.7
Selfridge School District #8	2023	2,733,860.38	73	37,450.14	3.4
Solen School District #3	2024	3,367,043.00	202	16,668.53	1.5
South Heart School District #9	2023	2,203,603.23	422	5,221.81	0.5
South Prairie School District #70	2024	6,336,415.00	542	11,690.80	1.1
St. John School District #3	2023	2,285,120.00	438	5,217.17	0.5
Stanley School District #2	2023	8,055,444.10	776	10,380.73	0.9
Starkweather School District #44	2024	380,121.00	54	7,039.28	0.6
Sterling School District #35	2023	240,650.30	20	12,032.52	1.1
Strasburg School District #15	2022	1,783,272.09	104	17,146.85	1.6
Surrey School District #41	2023	783,511.83	415	1,887.98	0.2
Sweet Briar School District #17	2023	535,520.09	28	19,125.72	1.7
TGU School District #60	2023	3,769,874.00	349	10,801.93	1.0
Thompson School District #61	2024	2,989,192.00	679	4,402.34	0.4
Tioga School District #15	2023	9,926,303.36	534	18,588.58	1.7
Turtle Lake Mercer School District #72	2023	1,954,627.30	177	11,043.09	1.0
Twin Buttes School District #37	2021	1,170,699.00	55	21,285.44	1.9
Underwood School District #8	2023	1,950,472.82	179	10,896.50	1.0
United School District #7	2023	2,525,186.40	678	3,724.46	0.3
Valley City School District #2	2020	4,271,109.84	940	4,543.73	0.4
Valley Edinburg School District #118	2021	1,393,302.00	205	6,796.60	0.6
Velva School District #1	2024	2,018,538.67	435	4,640.32	0.4
Wahpeton School District #37	2023	14,206,555.00	1199	11,848.67	1.1
Warwick School District #29	2023	1,066,352.00	177	6,024.59	0.5
Washburn School District #4	2023	855,687.08	348	2,458.87	0.2
West Fargo School District #6	2024	81,410,726.00	12995	6,264.77	0.6
Westhope School District #17	2024	1,040,424.00	151	6,890.23	0.6
White Shield School #85	2021	7,436,393.00	174	42,737.89	3.9
Williston PSD #7	2022	47,177,317.00	5339	8,836.36	0.8
Wilton School District #1	2023	1,666,784.87	262	6,361.77	0.6
Wing School District #28	2022	351,931.00	59	5,964.93	0.5
Wishek School District #19	2021	1,643,800.79	229	7,178.17	0.7
Wolford School District #1	2019	123,707.42	45	2,749.05	0.2
Wyndmere School District #42	2020	1,838,058.87	245	7,502.28	0.7
Yellowstone School District #14	2024	2,752,576.00	181	15,207.60	1.4
Zeeland School District #4	2021	359,080.28	26	13,810.78	1.3
TOTAL		1,001,312,696.36	116662	AVERAGE: 15136.467	AVERAGE: 1.376

	Year 1 Funding Formula	Year 2 No Cap	Year 2 Capped	Gap Funding
Tax Value	50,000,000	55,000,000	55,000,000	
Mills	60.00	60.00	56.18	210,000.00
Dollars Deducte	3,000,000	3,300,000	3,090,000	
State Aid		(300,000)	(90,000)	

	Year 1 Mill Levy	Year 2 No new Cap	Year 2 Capped
	50,000,000.00	55,000,000.00	55,000,000.00
GF	70.00	70.00	65.55
Dollars Levied	3,500,000.00	3,850,000.00	3,605,000.00
Misc	12.00	12.00	10.41
Sp Res	3.00	3.00	3.00
Building	10.00	10.00	10.00
Dollars Levied	1,250,000.00	1,375,000.00	1,287,500.00
Total Mills	25.00	25.00	23.41
Tax Increase		475,000.00	142,500.00

	Year 1 Funding Formula	Year 2 No Cap	Year 2 Capped	Gap Funding
Tax Value	650,000,000	715,000,000	715,000,000	
Mills	60.00	60.00	56.18	2,730,000.00
Dollars Deducte	39,000,000	42,900,000	40,170,000	
State Aid		(3,900,000)	(1,170,000)	

	Year 1 Mill Levy	Year 2 No new Cap	Year 2 Capped
	650,000,000	715,000,000	715,000,000
GF	70.00	70.00	65.55
Dollars Levied	45,500,000.00	50,050,000.00	46,865,000.00
Misc	12.00	12.00	10.41
Sp Res	3.00	3.00	3.00
Building	10.00	10.00	10.00
Dollars Levied	16,250,000.00	17,875,000.00	16,737,500.00
Total Mills	25.00	25.00	23.41
Tax Increase		6,175,000.00	1,852,500.00

	Year 1 Funding Formula	Year 2 No Cap	Year 2 Capped	Gap Funding Gap Funding
Tax Value	22,000,000	26,400,000	26,400,000	
Mills	60.00	60.00	51.50	224,400.00
Dollars Deducte	1,320,000	1,584,000	1,359,600	
State Aid		(264,000)	(39,600)	

	Year 1 Mill Levy	Year 2 No new Cap	Year 2 Capped
	22,000,000	26,400,000	26,400,000
GF	70.00	70.00	60.08
Dollars Levied	1,540,000.00	1,848,000.00	1,586,200.00
Misc	12.00	12.00	8.46
Sp Res	3.00	3.00	3.00
Building	10.00	10.00	10.00
Dollars Levied	550,000.00	660,000.00	566,500.00
Total Mills	25.00	25.00	21.46
Tax Increase		418,000.00	62,700.00

CoDist	DistrictName	EndingBalance	Percent	GF Levy	Misc Levy	Max Tax Value Increase Last 3 years
01-013	Hettinger 13	1,255,447	23%	70.00	12.00	2%
02-002	Valley City 2	1,972,385	13%	70.00	12.00	6%
02-007	Barnes County North 7	2,152,325	42%	70.00	12.00	6%
02-046	Litchville-Marion 46	341,345	10%	68.23	0.00	6%
03-005	Minnewaukan 5	3,507,320	34%	49.39	0.00	4%
03-006	Leeds 6	531,547	21%	68.45	6.82	3%
03-009	Maddock 9	1,178,792	39%	80.00	11.90	3%
03-016	Oberon 16	2,959,079	103%	60.29	0.00	3%
03-029	Warwick 29	1,207,030	13%	70.00	0.00	3%
03-030	Ft Totten 30	7,543,445	157%	63.86	0.00	3%
04-001	Billings Co 1	5,286,510	160%	60.00	0.00	9%
05-001	Bottineau 1	2,474,891	25%	60.00	12.00	5%
05-017	Westhope 17	707,015	22%	70.00	12.00	6%
05-054	Newburg-United 54	927,698	33%	69.95	11.90	6%
06-001	Bowman Co 1	3,039,232	38%	75.66	7.02	0%
06-033	Scranton 33	1,902,294	72%	65.13	11.51	4%
07-014	Bowbells 14	1,259,885	55%	64.96	4.02	2%
07-027	Powers Lake 27	1,431,142	34%	69.68	11.94	5%
07-036	Burke Central 36	1,349,904	58%	70.00	3.10	1%
08-001	Bismarck 1	16,066,918	8%	70.00	10.45	11%
08-025	Naughton 25	249,761	67%	70.00	0.00	4%
08-028	Wing 28	171,280	9%	71.75	11.97	5%
08-033	Menoken 33	431,812	45%	60.64	0.00	5%
08-035	Sterling 35	344,626	56%	65.70	4.90	5%
08-039	Apple Creek 39	1,228,982	89%	60.19	0.00	10%
08-045	Manning 45	149,591	51%	64.90	0.00	7%
09-001	Fargo 1	39,060,555	18%	126.78	0.00	9%
09-002	Kindred 2	3,535,453	30%	61.39	12.00	9%
09-004	Maple Valley 4	1,497,490	26%	70.00	12.00	7%
09-006	West Fargo 6	24,433,850	12%	68.73	12.00	12%
09-007	Mapleton 7	90,939	2%	58.42	8.22	10%
09-017	Central Cass 17	1,328,958	9%	70.00	12.00	12%
09-085	Hope-Page 85	1,619,801	41%	70.00	4.00	10%
09-097	Northern Cass 97	2,030,228	20%	70.00	12.00	7%
10-019	Munich 19	559,813	23%	70.00	4.00	5%
10-023	Langdon Area 23	1,616,698	24%	70.00	12.00	5%
11-040	Ellendale 40	1,896,597	36%	69.90	5.98	9%
11-041	Oakes 41	1,075,411	15%	70.22	12.04	2%
12-001	Divide County 1	2,195,404	30%	70.00	11.99	2%
13-016	Killdeer 16	6,371,684	58%	59.60	0.00	18%
13-037	Twin Buttes 37	196,056	9%	-	0.00	44%
14-002	New Rockford-Sheyenne 2	584,812	12%	70.00	5.78	4%
15-006	Hazelton-Moffit-Braddock 6	517,036	18%	70.00	0.00	2%

15-015	Strasburg 15	1,209,216	45%	69.02	2.96	1%
15-036	Linton 36	1,199,266	28%	69.95	5.00	6%
16-049	Carrington 49	2,784,471	34%	70.00	0.00	2%
17-003	Beach 3	2,483,696	44%	70.28	0.00	6%
17-006	Lone Tree 6	1,001,176	82%	60.14	0.00	2%
18-001	Grand Forks 1	10,874,203	8%	69.91	11.98	7%
18-044	Larimore 44	1,580,102	25%	69.97	11.99	6%
18-061	Thompson 61	2,104,197	26%	60.08	5.01	6%
18-125	Manvel 125	1,712,863	55%	65.70	0.00	3%
18-127	Emerado 127	1,090,630	43%	60.03	0.00	5%
18-128	Midway 128	1,749,622	42%	70.00	12.00	4%
18-129	Northwood 129	1,723,964	34%	62.00	0.00	5%
19-018	Roosevelt 18	1,122,803	71%	69.99	5.00	2%
19-049	Elgin-New Leipzig 49	948,759	27%	70.00	12.00	11%
20-007	Midkota 7	1,505,748	36%	70.00	12.00	6%
20-018	Griggs County Central 18	1,329,572	31%	70.00	10.89	14%
21-001	Mott-Regent 1	950,126	23%	70.00	3.00	-2%
21-009	New England 9	1,521,752	31%	69.78	0.00	-1%
22-001	Kidder County 1	1,786,928	32%	70.00	8.00	6%
23-003	Edgeley 3	1,520,154	40%	60.00	0.00	2%
23-007	Kulm 7	1,287,010	45%	65.78	4.45	2%
23-008	LaMoure 8	811,122	18%	70.00	12.00	3%
24-002	Napoleon 2	1,984,129	53%	68.36	10.05	4%
24-056	Gackle-Streeter 56	947,960	36%	70.44	12.00	2%
25-001	Velva 1	883,193	14%	65.00	12.00	0%
25-014	Anamoose 14	675,014	33%	67.54	0.00	3%
25-057	Drake 57	564,193	29%	69.49	0.00	4%
25-060	TGU 60	3,200,549	51%	66.17	0.00	1%
26-004	Zeeland 4	(221)	0%	68.35	12.00	2%
26-009	Ashley 9	1,094,983	39%	66.72	0.00	3%
26-019	Wishek 19	919,470	23%	69.07	8.87	1%
27-001	McKenzie Co 1	13,803,012	38%	60.01	0.00	5%
27-002	Alexander 2	6,910,944	65%	65.01	4.40	6%
27-014	Yellowstone 14	1,794,742	62%	61.00	0.00	17%
27-032	Horse Creek 32	1,706,122	404%	15.78	0.00	5%
27-036	Mandaree 36	6,181,172	87%	3.61	0.00	3%
28-001	Wilton 1	1,207,582	29%	67.00	11.50	3%
28-004	Washburn 4	256,243	5%	73.55	12.00	9%
28-008	Underwood 8	736,666	19%	70.00	8.50	3%
28-050	Max 50	1,308,934	43%	71.10	8.02	3%
28-051	Garrison 51	1,962,729	32%	70.00	12.00	4%
28-072	Turtle Lake-Mercer 72	1,087,240	34%	67.59	0.00	2%
28-085	White Shield 85	1,552,870	47%	4.51	0.00	5%
29-003	Hazen 3	2,279,447	31%	62.07	0.00	3%
29-027	Beulah 27	2,020,096	21%	64.43	0.00	2%
30-001	Mandan 1	9,104,459	15%	60.45	11.08	9%
30-004	Little Heart 4	214,105	43%	60.35	0.00	2%

30-013	Hebron 13	1,541,350	52%	69.83	9.64	5%
30-017	Sweet Briar 17	554,348	102%	41.52	7.62	9%
30-039	Flasher 39	2,090,090	49%	64.55	4.69	1%
30-048	Glen Ullin 48	1,122,070	36%	72.48	12.38	1%
30-049	New Salem-Almont 49	780,488	14%	69.78	6.07	3%
31-001	New Town 1	40,133,928	216%	46.03	0.00	8%
31-002	Stanley 2	3,907,092	35%	70.00	0.00	4%
31-003	Parshall 3	5,160,663	88%	70.00	0.00	8%
32-001	Dakota Prairie 1	1,758,015	29%	67.88	11.00	4%
32-066	Lakota 66	1,127,685	36%	70.00	5.31	5%
33-001	Center-Stanton 1	506,663	12%	69.82	12.00	0%
34-006	Cavalier 6	1,308,358	22%	70.24	12.04	2%
34-019	Drayton 19	592,037	15%	89.52	3.98	12%
34-100	North Border 100	3,131,827	47%	64.13	0.00	8%
34-118	Valley-Edinburg 118	1,645,172	42%	70.02	12.00	3%
35-005	Rugby 5	1,479,651	16%	70.87	12.15	3%
36-001	Devils Lake 1	10,368,914	40%	70.00	12.00	5%
36-002	Edmore 2	914,608	65%	-	0.00	4%
36-044	Starkweather 44	204,699	13%	68.99	5.53	5%
37-006	Ft Ransom 6	412,540	67%	66.00	6.00	4%
37-019	Lisbon 19	2,248,583	26%	66.21	12.00	5%
37-024	Enderlin Area 24	788,880	13%	70.00	10.60	5%
38-001	Mohall-Lansford-Sherwood 1	2,090,800	41%	70.00	6.02	5%
38-026	Glenburn 26	963,221	21%	64.08	0.00	5%
39-008	Hankinson 8	1,827,559	47%	69.00	5.00	11%
39-018	Fairmount 18	1,807,816	82%	70.00	12.00	3%
39-028	Lidgerwood 28	1,318,908	41%	70.00	12.00	2%
39-037	Wahpeton 37	6,162,407	36%	70.00	10.50	6%
39-042	Wyndmere 42	1,308,664	32%	69.77	9.97	5%
39-044	Richland 44	942,376	21%	62.00	4.00	8%
40-001	Dunseith 1	1,485,494	6%	66.09	11.42	6%
40-003	St John 3	3,792,255	35%	70.14	0.00	7%
40-004	Mt Pleasant 4	1,198,838	24%	70.00	9.99	7%
40-007	Belcourt 7	22,772,365	46%	-	0.00	6%
40-029	Rolette 29	1,282,945	43%	68.29	12.00	5%
41-002	Milnor 2	445,121	11%	67.98	12.00	5%
41-003	North Sargent 3	1,108,325	31%	67.48	11.06	3%
41-006	Sargent Central 6	1,142,820	27%	70.00	12.00	2%
42-029	McClusky-Goodrich 29	347,237	14%	60.00	3.00	1%
43-003	Solen 3	3,338,782	55%	63.88	0.00	8%
43-004	Ft Yates 4	1,453,218	30%	56.33	0.00	4%
43-008	Selfridge 8	2,470,624	38%	44.39	0.00	3%
44-012	Marmarth 12	862,150	209%	53.50	0.00	25%
45-001	Dickinson 1	8,267,181	13%	70.00	12.00	8%
45-009	South Heart 9	980,136	17%	58.55	1.95	6%
45-013	Belfield 13	1,384,318	30%	70.00	12.00	3%
45-034	Richardton-Taylor 34	1,477,689	27%	70.00	12.00	5%

46-019	Finley-Sharon 19	1,007,565	40%	70.00	12.00	2%
47-001	Jamestown 1	6,438,720	20%	70.00	12.00	7%
47-003	Medina 3	1,741,976	50%	70.00	0.00	7%
47-010	Pingree-Buchanan 10	306,880	10%	70.00	12.00	4%
47-014	Montpelier 14	772,331	36%	70.00	6.51	4%
47-019	Kensal 19	596,473	72%	70.00	12.00	1%
48-010	North Star 10	1,646,163	41%	69.09	2.52	7%
49-003	Central Valley 3	1,251,638	37%	60.00	0.00	7%
49-007	Hatton Eielson 7	1,066,719	30%	60.00	12.00	5%
49-009	Hillsboro 9	597,581	8%	70.00	12.00	8%
49-014	May-Port CG 14	1,051,570	16%	69.00	12.00	5%
50-005	Fordville-Lankin 5	335,781	22%	69.23	11.87	4%
50-008	Park River Area 8	1,555,032	24%	65.00	0.00	5%
50-018	Grafton 18	5,724,360	42%	64.28	10.08	4%
50-020	Minto 20	1,166,641	26%	65.00	5.00	4%
51-001	Minot 1	21,026,470	17%	70.00	12.00	5%
51-004	Nedrose 4	2,691,664	33%	65.58	0.00	3%
51-007	United 7	988,764	11%	70.00	5.00	4%
51-016	Sawyer 16	1,199,730	48%	69.93	12.02	3%
51-028	Kenmare 28	1,024,911	20%	68.36	11.66	2%
51-041	Surrey 41	108,885	2%	69.39	11.41	5%
51-070	South Prairie 70	3,851,046	55%	61.03	12.21	24%
51-160	Minot AFB 160	8,833,645	111%	-	0.00	0%
51-161	Lewis and Clark 161	2,227,493	29%	72.61	12.45	2%
52-025	Fessenden-Bowdon 25	1,152,488	33%	70.00	4.96	2%
52-038	Harvey 38	1,730,337	28%	70.00	7.05	2%
53-002	Nesson 2	1,900,675	23%	58.40	11.92	9%
53-006	Eight Mile 6	2,290,189	39%	68.75	12.00	2%
53-007	Williston Basin 7	6,085,143	8%	70.00	12.00	8%
53-015	Tioga 15	4,907,364	43%	60.00	0.00	14%
53-099	Grenora 99	779,610	19%	69.00	11.73	6%

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
4/25/2025
Conference Committee

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

4:01 p.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Representatives Nathe, Bosch; Chairman Weber, Senators Bekkedahl, Erbele

Discussion Topics:

- School exemption
- HB 1168
- Property exemption
- School ending fund balances
- Gap funding
- Inflationary increases

4:01 p.m. Chairman Headland, District 29, presented a memorandum for a proposed gap funding program as stated in testimony #45200.

4:09 p.m. Megan Gordon, ND Legislative Council, stood to explain testimony #45200.

4:15 p.m. Adam Tescher, School Finance Officer, ND Department of Public Instruction, stood for question, testimony #45206.

4:33 p.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

Headland

North Dakota Legislative Council

Prepared for Representative Headland
LC# 25.9523.01000
April 2025

PROPOSED INTEGRATED FORMULA GAP FUNDING PROGRAM - HOUSE BILL NO. 1176 CONFERENCE COMMITTEE

This memo provides a brief description of a proposed gap funding program intended to address a potential shortfall in the state school aid funding formula if a school district is required to reduce its levy for the school district's local contribution to the cost of education below 60 mills to comply with the property tax levy limitation. The gap funding program is intended to work with the levy limitation provision included in House Bill No. 1176 and the current structure of the state school aid funding formula. As such, it is not necessary to include a separate limitation, or "cap," specific to the 60-mill levy for the school district's local contribution to the cost of education or an adjustment to the state school aid funding formula to allow the gap funding program to function as intended.

A school district would be eligible for gap funding if, after the school district proportionally reduced its 10-mill general fund levy, 12-mill miscellaneous levy, and 60 mill-levy for the school district's local contribution to the cost of education to comply with the property tax levy limitation, the school district levied less than 60 mills for the school district's local contribution to the cost of education. A school district that elects to levy less than the full 60-mill levy for the school district's local contribution to the cost of education for a reason other than the levy limitation would not be eligible for the gap funding.

A qualifying school district would request gap funding by submitting an application to the Superintendent of Public Instruction. After confirming the school district meets the eligibility criteria for gap funding, the Superintendent of Public Instruction would issue gap funding to the school district equal to the amount by which the value of the 60-mill deduction in the state school aid funding formula exceeds the amount the school district levied for the school district's local contribution to the costs of education for the taxable year ending during the school year.

The gap funding would be derived from the Department of Public Instruction's integrated formula payments line item, and the department would be directed to request a deficiency appropriation if necessary.

CoDist	DistrictName	EndingBalance	Percent	GF Levy	Misc Levy	Max Tax Value Increase Last 3 years	Tax Value
13-037	Twin Buttes 37	196,056	9%	-	0.00	44%	50,873
44-012	Marmarth 12	862,150	209%	53.50	0.00	25%	2,465,772
51-070	South Prairie 70	3,851,046	55%	61.03	12.21	24%	15,031,484
13-016	Killdeer 16	6,371,684	58%	59.60	0.00	18%	74,252,775
27-014	Yellowstone 14	1,794,742	62%	61.00	0.00	17%	10,790,626
20-018	Griggs County Central 18	1,329,572	31%	70.00	10.89	14%	15,214,472
53-015	Tioga 15	4,907,364	43%	60.00	0.00	14%	111,008,252
09-006	West Fargo 6	24,433,850	12%	68.73	12.00	12%	610,621,242
34-019	Drayton 19	592,037	15%	89.52	3.98	12%	13,467,175
09-017	Central Cass 17	1,328,958	9%	70.00	12.00	12%	44,520,023
19-049	Elgin-New Leipzig 49	948,759	27%	70.00	12.00	11%	12,557,183
39-008	Hankinson 8	1,827,559	47%	69.00	5.00	11%	16,599,538
08-001	Bismarck 1	16,066,918	8%	70.00	10.45	11%	646,692,118
08-039	Apple Creek 39	1,228,982	89%	60.19	0.00	10%	6,928,837
09-007	Mapleton 7	90,939	2%	58.42	8.22	10%	15,671,797
09-085	Hope-Page 85	1,619,801	41%	70.00	4.00	10%	23,225,371
04-001	Billings Co 1	5,286,510	160%	60.00	0.00	9%	21,939,394
09-001	Fargo 1	39,060,555	18%	126.78	0.00	9%	569,602,338
30-017	Sweet Briar 17	554,348	102%	41.52	7.62	9%	1,414,116
28-004	Washburn 4	256,243	5%	73.55	12.00	9%	15,915,042
11-040	Ellendale 40	1,896,597	36%	69.90	5.98	9%	22,141,630
53-002	Nesson 2	1,900,675	23%	58.40	11.92	9%	61,202,943
09-002	Kindred 2	3,535,453	30%	61.39	12.00	9%	38,363,547
30-001	Mandan 1	9,104,459	15%	60.45	11.08	9%	188,133,858
34-100	North Border 100	3,131,827	47%	64.13	0.00	8%	32,056,332
53-007	Williston Basin 7	6,085,143	8%	70.00	12.00	8%	266,770,110
31-003	Parshall 3	5,160,663	88%	70.00	0.00	8%	20,404,330
31-001	New Town 1	40,133,928	216%	46.03	0.00	8%	68,384,400
43-003	Solen 3	3,338,782	55%	63.88	0.00	8%	965,331
49-009	Hillsboro 9	597,581	8%	70.00	12.00	8%	25,340,319
45-001	Dickinson 1	8,267,181	13%	70.00	12.00	8%	181,657,758
39-044	Richland 44	942,376	21%	62.00	4.00	8%	15,941,755
08-045	Manning 45	149,591	51%	64.90	0.00	7%	524,834
09-097	Northern Cass 97	2,030,228	20%	70.00	12.00	7%	29,361,355
18-001	Grand Forks 1	10,874,203	8%	69.91	11.98	7%	300,905,357
47-001	Jamestown 1	6,438,720	20%	70.00	12.00	7%	90,813,077
48-010	North Star 10	1,646,163	41%	69.09	2.52	7%	20,900,229
49-003	Central Valley 3	1,251,638	37%	60.00	0.00	7%	17,156,159
40-004	Mt Pleasant 4	1,198,838	24%	70.00	9.99	7%	15,120,695
09-004	Maple Valley 4	1,497,490	26%	70.00	12.00	7%	24,081,075
40-003	St John 3	3,792,255	35%	70.14	0.00	7%	2,502,578
47-003	Medina 3	1,741,976	50%	70.00	0.00	7%	10,251,339
05-017	Westhope 17	707,015	22%	70.00	12.00	6%	9,396,204
18-061	Thompson 61	2,104,197	26%	60.08	5.01	6%	18,281,072
40-007	Belcourt 7	22,772,365	46%	-	0.00	6%	1,024,216
22-001	Kidder County 1	1,786,928	32%	70.00	8.00	6%	24,068,264
17-003	Beach 3	2,483,696	44%	70.28	0.00	6%	12,280,751
18-044	Larimore 44	1,580,102	25%	69.97	11.99	6%	18,586,080
40-001	Dunseith 1	1,485,494	6%	66.09	11.42	6%	3,357,762
39-037	Wahpeton 37	6,162,407	36%	70.00	10.50	6%	48,662,187
20-007	Midkota 7	1,505,748	36%	70.00	12.00	6%	14,318,054
02-007	Barnes County North 7	2,152,325	42%	70.00	12.00	6%	33,718,014
05-054	Newburg-United 54	927,698	33%	69.95	11.90	6%	10,885,095
45-009	South Heart 9	980,136	17%	58.55	1.95	6%	23,148,162

53-099	Grenora 99	779,610	19%	69.00	11.73	6%	22,837,977
15-036	Linton 36	1,199,266	28%	69.95	5.00	6%	15,115,699
02-046	Litchville-Marion 46	341,345	10%	68.23	0.00	6%	18,255,337
02-002	Valley City 2	1,972,385	13%	70.00	12.00	6%	46,477,017
27-002	Alexander 2	6,910,944	65%	65.01	4.40	6%	39,004,113
08-028	Wing 28	171,280	9%	71.75	11.97	5%	5,732,714
27-001	McKenzie Co 1	13,803,012	38%	60.01	0.00	5%	289,669,487
10-019	Munich 19	559,813	23%	70.00	4.00	5%	13,682,651
40-029	Rolette 29	1,282,945	43%	68.29	12.00	5%	7,614,630
28-085	White Shield 85	1,552,870	47%	4.51	0.00	5%	936,726
50-008	Park River Area 8	1,555,032	24%	65.00	0.00	5%	16,934,578
08-033	Menoken 33	431,812	45%	60.64	0.00	5%	4,241,906
49-007	Hatton Eielson 7	1,066,719	30%	60.00	12.00	5%	10,506,007
30-013	Hebron 13	1,541,350	52%	69.83	9.64	5%	9,168,393
37-019	Lisbon 19	2,248,583	26%	66.21	12.00	5%	23,197,590
32-066	Lakota 66	1,127,685	36%	70.00	5.31	5%	12,147,291
49-014	May-Port CG 14	1,051,570	16%	69.00	12.00	5%	27,777,810
07-027	Powers Lake 27	1,431,142	34%	69.68	11.94	5%	9,808,514
18-127	Emerado 127	1,090,630	43%	60.03	0.00	5%	5,143,907
08-035	Sterling 35	344,626	56%	65.70	4.90	5%	6,680,552
10-023	Langdon Area 23	1,616,698	24%	70.00	12.00	5%	40,941,906
51-041	Surrey 41	108,885	2%	69.39	11.41	5%	11,321,983
51-001	Minot 1	21,026,470	17%	70.00	12.00	5%	245,868,547
18-129	Northwood 129	1,723,964	34%	62.00	0.00	5%	13,964,488
36-001	Devils Lake 1	10,368,914	40%	70.00	12.00	5%	55,801,755
27-032	Horse Creek 32	1,706,122	404%	15.78	0.00	5%	5,214,789
38-026	Glenburn 26	963,221	21%	64.08	0.00	5%	11,660,124
38-001	Mohall-Lansford-Sherwood 1	2,090,800	41%	70.00	6.02	5%	24,889,896
05-001	Bottineau 1	2,474,891	25%	60.00	12.00	5%	39,014,312
37-024	Enderlin Area 24	788,880	13%	70.00	10.60	5%	18,752,655
41-002	Milnor 2	445,121	11%	67.98	12.00	5%	9,538,814
36-044	Starkweather 44	204,699	13%	68.99	5.53	5%	6,931,052
39-042	Wyndmere 42	1,308,664	32%	69.77	9.97	5%	15,447,150
45-034	Richardton-Taylor 34	1,477,689	27%	70.00	12.00	5%	14,943,549
36-002	Edmore 2	914,608	65%	-	0.00	4%	10,449,214
37-006	Ft Ransom 6	412,540	67%	66.00	6.00	4%	4,481,805
50-020	Minto 20	1,166,641	26%	65.00	5.00	4%	7,977,386
14-002	New Rockford-Sheyenne 2	584,812	12%	70.00	5.78	4%	15,239,499
50-005	Fordville-Lankin 5	335,781	22%	69.23	11.87	4%	6,659,027
50-018	Grafton 18	5,724,360	42%	64.28	10.08	4%	26,279,855
43-004	Ft Yates 4	1,453,218	30%	56.33	0.00	4%	1,564,693
18-128	Midway 128	1,749,622	42%	70.00	12.00	4%	13,061,928
08-025	Naughton 25	249,761	67%	70.00	0.00	4%	798,518
24-002	Napoleon 2	1,984,129	53%	68.36	10.05	4%	11,965,934
47-010	Pingree-Buchanan 10	306,880	10%	70.00	12.00	4%	10,091,638
32-001	Dakota Prairie 1	1,758,015	29%	67.88	11.00	4%	25,306,950
28-051	Garrison 51	1,962,729	32%	70.00	12.00	4%	26,435,841
06-033	Scranton 33	1,902,294	72%	65.13	11.51	4%	9,425,830
03-005	Minnewaukan 5	3,507,320	34%	49.39	0.00	4%	4,187,055
25-057	Drake 57	564,193	29%	69.49	0.00	4%	9,540,074
51-007	United 7	988,764	11%	70.00	5.00	4%	22,722,223
47-014	Montpelier 14	772,331	36%	70.00	6.51	4%	7,621,951
31-002	Stanley 2	3,907,092	35%	70.00	0.00	4%	69,427,306
03-030	Ft Totten 30	7,543,445	157%	63.86	0.00	3%	200,100
41-003	North Sargent 3	1,108,325	31%	67.48	11.06	3%	9,029,530
30-049	New Salem-Almont 49	780,488	14%	69.78	6.07	3%	16,804,359
39-018	Fairmount 18	1,807,816	82%	70.00	12.00	3%	6,768,862
43-008	Selfridge 8	2,470,624	38%	44.39	0.00	3%	4,665,216

03-029	Warwick 29	1,207,030	13%	70.00	0.00	3%	3,197,574
34-118	Valley-Edinburg 118	1,645,172	42%	70.02	12.00	3%	15,084,594
51-004	Nedrose 4	2,691,664	33%	65.58	0.00	3%	26,691,715
26-009	Ashley 9	1,094,983	39%	66.72	0.00	3%	9,823,494
35-005	Rugby 5	1,479,651	16%	70.87	12.15	3%	30,927,507
23-008	LaMoure 8	811,122	18%	70.00	12.00	3%	17,251,485
45-013	Belfield 13	1,384,318	30%	70.00	12.00	3%	13,907,724
27-036	Mandaree 36	6,181,172	87%	3.61	0.00	3%	12,693,680
28-050	Max 50	1,308,934	43%	71.10	8.02	3%	9,740,819
18-125	Manvel 125	1,712,863	55%	65.70	0.00	3%	8,260,884
03-006	Leeds 6	531,547	21%	68.45	6.82	3%	13,155,307
29-003	Hazen 3	2,279,447	31%	62.07	0.00	3%	17,333,381
03-016	Oberon 16	2,959,079	103%	60.29	0.00	3%	2,708,060
03-009	Maddock 9	1,178,792	39%	80.00	11.90	3%	11,248,232
28-008	Underwood 8	736,666	19%	70.00	8.50	3%	15,893,318
51-016	Sawyer 16	1,199,730	48%	69.93	12.02	3%	7,579,335
28-001	Wilton 1	1,207,582	29%	67.00	11.50	3%	13,542,644
25-014	Anamoose 14	675,014	33%	67.54	0.00	3%	4,892,559
11-041	Oakes 41	1,075,411	15%	70.22	12.04	2%	23,179,464
34-006	Cavalier 6	1,308,358	22%	70.24	12.04	2%	17,397,275
46-019	Finley-Sharon 19	1,007,565	40%	70.00	12.00	2%	12,104,916
23-003	Edgeley 3	1,520,154	40%	60.00	0.00	2%	15,715,333
39-028	Lidgerwood 28	1,318,908	41%	70.00	12.00	2%	9,022,633
24-056	Gackle-Streeter 56	947,960	36%	70.44	12.00	2%	12,425,813
16-049	Carrington 49	2,784,471	34%	70.00	0.00	2%	32,947,208
53-006	Eight Mile 6	2,290,189	39%	68.75	12.00	2%	11,520,687
52-025	Fessenden-Bowdon 25	1,152,488	33%	70.00	4.96	2%	20,062,496
28-072	Turtle Lake-Mercer 72	1,087,240	34%	67.59	0.00	2%	15,055,778
51-028	Kenmare 28	1,024,911	20%	68.36	11.66	2%	18,711,948
07-014	Bowbells 14	1,259,885	55%	64.96	4.02	2%	8,368,010
23-007	Kulm 7	1,287,010	45%	65.78	4.45	2%	11,792,758
41-006	Sargent Central 6	1,142,820	27%	70.00	12.00	2%	19,725,617
52-038	Harvey 38	1,730,337	28%	70.00	7.05	2%	23,743,095
15-006	Hazelton-Moffit-Braddock 6	517,036	18%	70.00	0.00	2%	12,055,403
29-027	Beulah 27	2,020,096	21%	64.43	0.00	2%	32,251,163
26-004	Zeeland 4	(221)	0%	68.35	12.00	2%	5,525,912
12-001	Divide County 1	2,195,404	30%	70.00	11.99	2%	32,882,015
30-004	Little Heart 4	214,105	43%	60.35	0.00	2%	2,588,764
51-161	Lewis and Clark 161	2,227,493	29%	72.61	12.45	2%	29,662,091
17-006	Lone Tree 6	1,001,176	82%	60.14	0.00	2%	3,388,462
19-018	Roosevelt 18	1,122,803	71%	69.99	5.00	2%	6,314,162
01-013	Hettinger 13	1,255,447	23%	70.00	12.00	2%	15,467,113
26-019	Wishek 19	919,470	23%	69.07	8.87	1%	11,185,718
47-019	Kensal 19	596,473	72%	70.00	12.00	1%	5,783,492
42-029	McClusky-Goodrich 29	347,237	14%	60.00	3.00	1%	10,827,624
15-015	Strasburg 15	1,209,216	45%	69.02	2.96	1%	13,582,953
07-036	Burke Central 36	1,349,904	58%	70.00	3.10	1%	10,395,678
30-039	Flasher 39	2,090,090	49%	64.55	4.69	1%	8,493,585
30-048	Glen Ullin 48	1,122,070	36%	72.48	12.38	1%	11,886,431
25-060	TGU 60	3,200,549	51%	66.17	0.00	1%	22,023,267
25-001	Velva 1	883,193	14%	65.00	12.00	0%	19,339,407
51-160	Minot AFB 160	8,833,645	111%	-	0.00	0%	-
33-001	Center-Stanton 1	506,663	12%	69.82	12.00	0%	14,058,316
06-001	Bowman Co 1	3,039,232	38%	75.66	7.02	0%	23,917,487
21-009	New England 9	1,521,752	31%	69.78	0.00	-1%	13,005,957
21-001	Mott-Regent 1	950,126	23%	70.00	3.00	-2%	16,058,440

34-019 Drayton 19

	2024-2025 Funding Formula	2025-2026 Adjusted Tax value	2025-2026 Inflation No Cap	2025-2026 Inflation Capped	2025-2026 Gap Funding
Tax Value	13,467,175	13,534,511	13,805,201	13,805,201	
Mills	60.00	60.00	60.00	60.00	
Dollars Deducte State Aid	808,031	812,071	828,312	836,433	-

	2026-2027 Adjusted Tax Value	2026-2027 Inflation No Cap	2026-2027 Inflation Capped	2026-2027 Gap Funding
Tax Value	13,874,227	14,429,196	14,429,196	
Mills	60.00	60.00	59.42	
Dollars Deducted State Aid	832,454	865,752	857,427	8,325

	Net Growth/Decrease	Inflation Increase	Cap
2025-2026	0.5%	2.0%	3%
2026-2027	0.5%	4.0%	

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
4/28/2025
Conference Committee

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

10:01 a.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Representatives Nathe, Bosch; Chairman Weber, Senators Bekkedahl, Erbele

Discussion Topics:

- Homestead Tax Credit
- Mil levies
- Gap funding
- Department of Public Instruction budget

10:03 a.m. Sherri Anderson, Chief Fiscal Officer, ND Office of State Tax Commissioner, stood for questions.

10:04 a.m. Shelli Myers, State Supervisor of Assessments, ND Office of State Tax Commissioner, stood for questions.

10:21 a.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
4/28/2025
Conference Committee

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

3:30 p.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Representatives Nathe, Bosch; Chairman Weber, Senators Bekkedahl, Erbele

Discussion Topics:

- Homestead Tax Credit
- Department of Public Instruction budget
- Legacy Fund
- Emergency clause
- Mill levy reduction

3:41 p.m. Chairman Headland referenced past testimony from the Conference Committee held on April 22, 2025, testimony #45130.

Additional written testimony:

Shelli Myers, State Supervisor of Assessments, ND Office of State Tax Commissioner, provided neutral testimony #45277.

3:48 p.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

Statewide Average Mill - Homestead Property Tax Credit @ 100%

True and Full Value of Home	Taxable Value	Homestead Credit at 100%	Remaining Taxable Value	2024 Statewide Average Mill Levy	Remaining Tax After 100% Homestead Credit	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750	$ 6,750	$ -	0.34370	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 200,000	$ 9,000	$ 9,000	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 250,000	$ 11,250	$ 9,000	$ 2,250		$ 773.33	$ -	$ 579.99	$ 193.33	$ -	$ 579.99	$ 193.33
$ 300,000	$ 13,500	$ 9,000	$ 4,500		$ 1,546.65	$ 296.65	$ 1,159.99	$ 386.66	$ -	$ 1,159.99	$ 386.66
$ 350,000	$ 15,750	$ 9,000	$ 6,750		$ 2,319.98	$ 1,069.98	$ 1,250.00	$ 1,069.98	$ 669.98	$ 1,650.00	$ 669.98
$ 400,000	$ 18,000	$ 9,000	$ 9,000		$ 3,093.30	$ 1,843.30	$ 1,250.00	$ 1,843.30	$ 1,443.30	$ 1,650.00	$ 1,443.30

Statewide Average Mill - Homestead Property Tax Credit @ 50%

True and Full Value of Home	Taxable Value	Homestead Credit at 50%	Remaining Taxable Value	2024 Statewide Average Mill Levy	Remaining Tax After 50% Homestead Credit	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750	$ 3,375	$ 3,375	0.34370	$ 1,159.99	$ -	$ 869.99	$ 290.00	$ -	$ 869.99	$ 290.00
$ 200,000	$ 9,000	$ 4,500	$ 4,500		$ 1,546.65	$ 296.65	$ 1,159.99	$ 386.66	$ -	$ 1,159.99	$ 386.66
$ 250,000	$ 11,250	$ 4,500	$ 6,750		$ 2,319.98	$ 1,069.98	$ 1,250.00	$ 1,069.98	$ 669.98	$ 1,650.00	$ 669.98
$ 300,000	$ 13,500	$ 4,500	$ 9,000		$ 3,093.30	$ 1,843.30	$ 1,250.00	$ 1,843.30	$ 1,443.30	$ 1,650.00	$ 1,443.30
$ 350,000	$ 15,750	$ 4,500	$ 11,250		$ 3,866.63	$ 2,616.63	$ 1,250.00	$ 2,616.63	$ 2,216.63	$ 1,650.00	$ 2,216.63
$ 400,000	$ 18,000	$ 4,500	$ 13,500		$ 4,639.95	$ 3,389.95	$ 1,250.00	$ 3,389.95	$ 2,989.95	$ 1,650.00	$ 2,989.95

Statewide Average Mill - No Homestead Property Tax Credit

True and Full Value of Home	Taxable Value	No Credit	Remaining Taxable Value	2024 Statewide Average Mill Levy	Remaining Tax	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750		$ 6,750	0.34370	$ 2,319.98	$ 1,069.98	$ 1,250.00	$ 1,069.98	$ 669.98	$ 1,650.00	$ 669.98
$ 200,000	$ 9,000		$ 9,000		$ 3,093.30	$ 1,843.30	$ 1,250.00	$ 1,843.30	$ 1,443.30	$ 1,650.00	$ 1,443.30
$ 250,000	$ 11,250		$ 11,250		$ 3,866.63	$ 2,616.63	$ 1,250.00	$ 2,616.63	$ 2,216.63	$ 1,650.00	$ 2,216.63
$ 300,000	$ 13,500		$ 13,500		$ 4,639.95	$ 3,389.95	$ 1,250.00	$ 3,389.95	$ 2,989.95	$ 1,650.00	$ 2,989.95
$ 350,000	$ 15,750		$ 15,750		$ 5,413.28	$ 4,163.28	$ 1,250.00	$ 4,163.28	$ 3,763.28	$ 1,650.00	$ 3,763.28
$ 400,000	$ 18,000		$ 18,000		$ 6,186.60	$ 4,936.60	$ 1,250.00	$ 4,936.60	$ 4,536.60	$ 1,650.00	$ 4,536.60

Bismarck - Homestead Property Tax Credit @ 100%

True and Full Value of Home	Taxable Value	Homestead Credit at 100%	Remaining Taxable Value	2024 Bismarck Mill Levy	Remaining Tax After 100% Homestead Credit	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750	$ 6,750	$ -	0.257379	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 200,000	$ 9,000	$ 9,000	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 250,000	$ 11,250	$ 9,000	$ 2,250		$ 579.10	$ -	$ 434.33	$ 144.78	$ -	$ 434.33	$ 144.78
$ 300,000	$ 13,500	$ 9,000	$ 4,500		$ 1,158.21	$ -	$ 868.65	$ 289.55	$ -	$ 868.65	$ 289.55
$ 350,000	$ 15,750	$ 9,000	$ 6,750		$ 1,737.31	$ 487.31	$ 1,250.00	$ 487.31	$ 87.31	$ 1,302.98	$ 434.33
$ 400,000	$ 18,000	$ 9,000	$ 9,000		$ 2,316.41	$ 1,066.41	$ 1,250.00	$ 1,066.41	$ 666.41	$ 1,650.00	$ 666.41

Bismarck - Homestead Property Tax Credit @ 50%

True and Full Value of Home	Taxable Value	Homestead Credit at 50%	Remaining Taxable Value	2024 Bismarck Mill Levy	Remaining Tax After 50% Homestead Credit	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750	$ 3,375	$ 3,375	0.257379	$ 868.65	$ -	$ 651.49	$ 217.16	$ -	$ 651.49	$ 217.16
$ 200,000	$ 9,000	$ 4,500	$ 4,500		$ 1,158.21	$ -	$ 868.65	$ 289.55	$ -	$ 868.65	$ 289.55
$ 250,000	$ 11,250	$ 4,500	$ 6,750		$ 1,737.31	$ 487.31	$ 1,250.00	$ 487.31	$ 87.31	$ 1,302.98	$ 434.33
$ 300,000	$ 13,500	$ 4,500	$ 9,000		$ 2,316.41	$ 1,066.41	$ 1,250.00	$ 1,066.41	$ 666.41	$ 1,650.00	$ 666.41
$ 350,000	$ 15,750	$ 4,500	$ 11,250		$ 2,895.51	$ 1,645.51	$ 1,250.00	$ 1,645.51	$ 1,245.51	$ 1,650.00	$ 1,245.51
$ 400,000	$ 18,000	$ 4,500	$ 13,500		$ 3,474.62	$ 2,224.62	$ 1,250.00	$ 2,224.62	$ 1,824.62	$ 1,650.00	$ 1,824.62

Bismarck - No Homestead Property Tax Credit

True and Full Value of Home	Taxable Value	No Credit	Remaining Taxable Value	2024 Bismarck Mill Levy	Remaining Tax	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750		$ 6,750	0.257379	$ 1,737.31	$ 487.31	$ 1,250.00	$ 487.31	$ 87.31	$ 1,302.98	$ 434.33
$ 200,000	$ 9,000		$ 9,000		$ 2,316.41	$ 1,066.41	$ 1,250.00	$ 1,066.41	$ 666.41	$ 1,650.00	$ 666.41
$ 250,000	$ 11,250		$ 11,250		$ 2,895.51	$ 1,645.51	$ 1,250.00	$ 1,645.51	$ 1,245.51	$ 1,650.00	$ 1,245.51
$ 300,000	$ 13,500		$ 13,500		$ 3,474.62	$ 2,224.62	$ 1,250.00	$ 2,224.62	$ 1,824.62	$ 1,650.00	$ 1,824.62
$ 350,000	$ 15,750		$ 15,750		$ 4,053.72	$ 2,803.72	$ 1,250.00	$ 2,803.72	$ 2,403.72	$ 1,650.00	$ 2,403.72
$ 400,000	$ 18,000		$ 18,000		$ 4,632.82	$ 3,382.82	$ 1,250.00	$ 3,382.82	$ 2,982.82	$ 1,650.00	$ 2,982.82

Fargo - Homestead Property Tax Credit @ 100%

True and Full Value of Home	Taxable Value	Homestead Credit at 100%	Remaining Taxable Value	2024 Fargo Mill Levy	Remaining Tax After 100% Homestead Credit	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750	$ 6,750	$ -	0.29818	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 200,000	$ 9,000	$ 9,000	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 250,000	$ 11,250	$ 9,000	$ 2,250		$ 670.91	$ -	$ 503.18	$ 167.73	$ -	$ 503.18	$ 167.73
$ 300,000	$ 13,500	$ 9,000	$ 4,500		$ 1,341.81	$ 91.81	$ 1,006.36	$ 335.45	$ -	$ 1,006.36	$ 335.45
$ 350,000	$ 15,750	$ 9,000	$ 6,750		$ 2,012.72	$ 762.72	$ 1,250.00	$ 762.72	$ 362.72	$ 1,509.54	$ 503.18
$ 400,000	$ 18,000	$ 9,000	$ 9,000		$ 2,683.62	$ 1,433.62	$ 1,250.00	$ 1,433.62	$ 1,033.62	$ 1,650.00	$ 1,033.62

Fargo - Homestead Property Tax Credit @ 50%

True and Full Value of Home	Taxable Value	Homestead Credit at 50%	Remaining Taxable Value	2024 Fargo Mill Levy	Remaining Tax After 50% Homestead Credit	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750	$ 3,375	$ 3,375	0.29818	$ 1,006.36	$ -	$ 754.77	$ 251.59	$ -	$ 754.77	$ 251.59
$ 200,000	$ 9,000	$ 4,500	$ 4,500		$ 1,341.81	$ 91.81	$ 1,006.36	$ 335.45	$ -	$ 1,006.36	$ 335.45
$ 250,000	$ 11,250	$ 4,500	$ 6,750		$ 2,012.72	$ 762.72	$ 1,250.00	$ 762.72	$ 362.72	$ 1,509.54	$ 503.18
$ 300,000	$ 13,500	$ 4,500	$ 9,000		$ 2,683.62	$ 1,433.62	$ 1,250.00	$ 1,433.62	$ 1,033.62	$ 1,650.00	$ 1,033.62
$ 350,000	$ 15,750	$ 4,500	$ 11,250		$ 3,354.53	$ 2,104.53	$ 1,250.00	$ 2,104.53	$ 1,704.53	$ 1,650.00	$ 1,704.53
$ 400,000	$ 18,000	$ 4,500	$ 13,500		$ 4,025.43	$ 2,775.43	$ 1,250.00	$ 2,775.43	$ 2,375.43	$ 1,650.00	$ 2,375.43

Fargo - No Homestead Property Tax Credit

True and Full Value of Home	Taxable Value	No Credit	Remaining Taxable Value	2024 Fargo Mill Levy	Remaining Tax	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750		$ 6,750	0.29818	$ 2,012.72	$ 762.72	$ 1,250.00	$ 762.72	$ 362.72	$ 1,509.54	$ 503.18
$ 200,000	$ 9,000		$ 9,000		$ 2,683.62	$ 1,433.62	$ 1,250.00	$ 1,433.62	$ 1,033.62	$ 1,650.00	$ 1,033.62
$ 250,000	$ 11,250		$ 11,250		$ 3,354.53	$ 2,104.53	$ 1,250.00	$ 2,104.53	$ 1,704.53	$ 1,650.00	$ 1,704.53
$ 300,000	$ 13,500		$ 13,500		$ 4,025.43	$ 2,775.43	$ 1,250.00	$ 2,775.43	$ 2,375.43	$ 1,650.00	$ 2,375.43
$ 350,000	$ 15,750		$ 15,750		$ 4,696.34	$ 3,446.34	$ 1,250.00	$ 3,446.34	$ 3,046.34	$ 1,650.00	$ 3,046.34
$ 400,000	$ 18,000		$ 18,000		$ 5,367.24	$ 4,117.24	$ 1,250.00	$ 4,117.24	$ 3,717.24	$ 1,650.00	$ 3,717.24

Jamestown - Homestead Property Tax Credit @ 100%

True and Full Value of Home	Taxable Value	Homestead Credit at 100%	Remaining Taxable Value	2024 Jamestown Mill Levy	Remaining Tax After 100% Homestead Credit	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750	$ 6,750	$ -	0.33656	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 200,000	$ 9,000	$ 9,000	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 250,000	$ 11,250	$ 9,000	$ 2,250		$ 757.26	$ -	$ 567.95	$ 189.32	$ -	$ 567.95	$ 189.32
$ 300,000	$ 13,500	$ 9,000	$ 4,500		$ 1,514.52	$ 264.52	$ 1,135.89	$ 378.63	$ -	$ 1,135.89	$ 378.63
$ 350,000	$ 15,750	$ 9,000	$ 6,750		$ 2,271.78	$ 1,021.78	$ 1,250.00	$ 1,021.78	$ 621.78	$ 1,650.00	$ 621.78
$ 400,000	$ 18,000	$ 9,000	$ 9,000		$ 3,029.04	$ 1,779.04	$ 1,250.00	$ 1,779.04	$ 1,379.04	$ 1,650.00	$ 1,379.04

Jamestown - Homestead Property Tax Credit @ 50%

True and Full Value of Home	Taxable Value	Homestead Credit at 50%	Remaining Taxable Value	2024 Jamestown Mill Levy	Remaining Tax After 50% Homestead Credit	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750	$ 3,375	$ 3,375	0.33656	$ 1,135.89	$ -	$ 851.92	$ 283.97	$ -	$ 851.92	$ 283.97
$ 200,000	$ 9,000	$ 4,500	$ 4,500		$ 1,514.52	$ 264.52	$ 1,135.89	$ 378.63	$ -	$ 1,135.89	$ 378.63
$ 250,000	$ 11,250	$ 4,500	$ 6,750		$ 2,271.78	$ 1,021.78	$ 1,250.00	$ 1,021.78	$ 621.78	$ 1,650.00	$ 621.78
$ 300,000	$ 13,500	$ 4,500	$ 9,000		$ 3,029.04	$ 1,779.04	$ 1,250.00	$ 1,779.04	$ 1,379.04	$ 1,650.00	$ 1,379.04
$ 350,000	$ 15,750	$ 4,500	$ 11,250		$ 3,786.30	$ 2,536.30	$ 1,250.00	$ 2,536.30	$ 2,136.30	$ 1,650.00	$ 2,136.30
$ 400,000	$ 18,000	$ 4,500	$ 13,500		$ 4,543.56	$ 3,293.56	$ 1,250.00	$ 3,293.56	$ 2,893.56	$ 1,650.00	$ 2,893.56

Jamestown - No Homestead Property Tax Credit

True and Full Value of Home	Taxable Value	No Credit	Remaining Taxable Value	2024 Jamestown Mill Levy	Remaining Tax	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750		$ 6,750	0.33656	$ 2,271.78	$ 1,021.78	$ 1,250.00	$ 1,021.78	$ 621.78	$ 1,650.00	$ 621.78
$ 200,000	$ 9,000		$ 9,000		$ 3,029.04	$ 1,779.04	$ 1,250.00	$ 1,779.04	$ 1,379.04	$ 1,650.00	$ 1,379.04
$ 250,000	$ 11,250		$ 11,250		$ 3,786.30	$ 2,536.30	$ 1,250.00	$ 2,536.30	$ 2,136.30	$ 1,650.00	$ 2,136.30
$ 300,000	$ 13,500		$ 13,500		$ 4,543.56	$ 3,293.56	$ 1,250.00	$ 3,293.56	$ 2,893.56	$ 1,650.00	$ 2,893.56
$ 350,000	$ 15,750		$ 15,750		$ 5,300.82	$ 4,050.82	$ 1,250.00	$ 4,050.82	$ 3,650.82	$ 1,650.00	$ 3,650.82
$ 400,000	$ 18,000		$ 18,000		$ 6,058.08	$ 4,808.08	$ 1,250.00	$ 4,808.08	$ 4,408.08	$ 1,650.00	$ 4,408.08

Williston - Homestead Property Tax Credit @ 100%

True and Full Value of Home	Taxable Value	Homestead Credit at 100%	Remaining Taxable Value	2024 Williston Mill Levy	Remaining Tax After 100% Homestead Credit	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750	$ 6,750	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 200,000	$ 9,000	$ 9,000	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 250,000	$ 11,250	$ 9,000	$ 2,250	0.19960	$ 449.10	$ -	$ 336.83	$ 112.28	$ -	$ 336.83	$ 112.28
$ 300,000	$ 13,500	$ 9,000	$ 4,500		$ 898.20	$ -	$ 673.65	$ 224.55	$ -	$ 673.65	$ 224.55
$ 350,000	$ 15,750	$ 9,000	$ 6,750		$ 1,347.30	$ 97.30	$ 1,010.48	$ 336.83	$ -	$ 1,010.48	$ 336.83
$ 400,000	$ 18,000	$ 9,000	$ 9,000		$ 1,796.40	$ 546.40	$ 1,250.00	$ 546.40	$ 146.40	$ 1,347.30	$ 449.10

Williston - Homestead Property Tax Credit @ 50%

True and Full Value of Home	Taxable Value	Homestead Credit at 50%	Remaining Taxable Value	2024 Williston Mill Levy	Remaining Tax After 50% Homestead Credit	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750	$ 3,375	$ 3,375		$ 673.65	$ -	$ 505.24	$ 168.41	$ -	$ 505.24	$ 168.41
$ 200,000	$ 9,000	$ 4,500	$ 4,500		$ 898.20	$ -	$ 673.65	$ 224.55	$ -	$ 673.65	$ 224.55
$ 250,000	$ 11,250	$ 4,500	$ 6,750	0.19960	$ 1,347.30	$ 97.30	$ 1,010.48	$ 336.83	$ -	$ 1,010.48	$ 336.83
$ 300,000	$ 13,500	$ 4,500	$ 9,000		$ 1,796.40	$ 546.40	$ 1,250.00	$ 546.40	$ 146.40	$ 1,347.30	$ 449.10
$ 350,000	$ 15,750	$ 4,500	$ 11,250		$ 2,245.50	$ 995.50	$ 1,250.00	$ 995.50	$ 595.50	$ 1,650.00	$ 595.50
$ 400,000	$ 18,000	$ 4,500	$ 13,500		$ 2,694.60	$ 1,444.60	$ 1,250.00	$ 1,444.60	$ 1,044.60	$ 1,650.00	$ 1,044.60

Williston - No Homestead Property Tax Credit

True and Full Value of Home	Taxable Value	No Credit	Remaining Taxable Value	2024 Williston Mill Levy	Remaining Tax	Taxpayer Obligation after $1,250	75% credit with ceiling of $1,250	Taxpayer Obligation at 25% of $1,250	Taxpayer Obligation after $1,650	75% credit with ceiling of $1,650	Taxpayer Obligation at 25% of $1,650
$ 150,000	$ 6,750		$ 6,750		$ 1,347.30	$ 97.30	$ 1,010.48	$ 336.83	$ -	$ 1,010.48	$ 336.83
$ 200,000	$ 9,000		$ 9,000		$ 1,796.40	$ 546.40	$ 1,250.00	$ 546.40	$ 146.40	$ 1,347.30	$ 449.10
$ 250,000	$ 11,250		$ 11,250	0.19960	$ 2,245.50	$ 995.50	$ 1,250.00	$ 995.50	$ 595.50	$ 1,650.00	$ 595.50
$ 300,000	$ 13,500		$ 13,500		$ 2,694.60	$ 1,444.60	$ 1,250.00	$ 1,444.60	$ 1,044.60	$ 1,650.00	$ 1,044.60
$ 350,000	$ 15,750		$ 15,750		$ 3,143.70	$ 1,893.70	$ 1,250.00	$ 1,893.70	$ 1,493.70	$ 1,650.00	$ 1,493.70
$ 400,000	$ 18,000		$ 18,000		$ 3,592.80	$ 2,342.80	$ 1,250.00	$ 2,342.80	$ 1,942.80	$ 1,650.00	$ 1,942.80

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
4/29/2025
Conference Committee

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

9:29 a.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Representatives Nathe, Bosch; Chairman Weber, Senators Bekkedahl, Erbele

Discussion Topics:

- Proposed amendment LC#25.1003.04013

9:30 a.m. Representative Bosch moved to Accept House Amendment LC#25.1003.04013.

9:30 a.m. Representative Bekkedahl seconded the motion.

9:31 a.m. Representative Bosch withdrew motion.

9:31 a.m. Representative Bekkadahl withdrew the second.

9:31 a.m. Chairman Weber suggested the amendment be further explained in detail.

9:31 a.m. Chairman Headland, District 29, explained House amendment LC#25.1003.04013 with changes, previous testimony from April 22, 2025, #45130.

9:37 a.m. Representative Bosch moved to Accept House Amendment LC#25.1003.04013.

9:38 a.m. Representative Nathe seconded the motion.

9:38 a.m. Motion failed 3-3-0

9:38 a.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

HB 1176 042925 0939 AM Roll Call Vote

Final Recommendation

HB 1176
Date Submitted: April 29, 2025, 9:39 a.m.
Recommendation: In Place Of
Amendment LC #: Pending LC #
Engrossed LC #: N/A
Description:
Motioned By: Bosch, Glenn
Seconded By: Nathe, Mike
House Carrier: N/A
Senate Carrier: N/A
Emergency Clause: None
Vote Results: 3 - 3 - 0

Rep. Headland, Craig	Yea
Rep. Nathe, Mike	Yea
Rep. Bosch, Glenn	Yea
Sen. Weber, Mark F.	Nay
Sen. Bekkedahl, Brad	Nay
Sen. Erbele, Robert	Nay

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
4/29/2025
Conference Committee

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

3:32 p.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Representatives Nathe, Bosch; Chairman Weber, Senators Bekkedahl, Erbele

Discussion Topics:

- School districts
- Gap funding

3:35 p.m. Adam Tescher, School Finance Officer, ND Department of Public Instruction, stood for questions.

3:38 p.m. Recess

3:39 p.m. Chairman Headland reconvened the meeting.

3:39 p.m. Chairman Headland, District 29, proposed Amendment LC#25.1003.04014, testimony #45314.

3:40 p.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

25.1003.04014
Title.

Prepared by the Legislative Council staff for Representative Headland
April 29, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO SECOND ENGROSSMENT

REENGROSSED HOUSE BILL NO. 1176

Introduced by

Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek, Vigesaa

Senators Bekkedahl, Hogue, Weber, Rummel

In place of amendment (25.1003.04011) adopted by the Senate, Reengrossed House Bill No. 1176 is amended by amendment (25.1003.04014) as follows:

A BILL for an Act to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, ~~subdivision c of subsection 1 of section 57-02-08.1,~~ subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.8, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, 57-15-14.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the ~~homestead tax credit and~~ renters refund, the property tax credit for disabled veterans, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, school district levies, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide for a legislative management study; to provide for a legislative management report; to provide an appropriation; to provide ~~a transfer~~an exemption; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-135~~ 5 of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

SECTION 2. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
   a. State bonding fund.
   b. Teachers' fund for retirement.
   c. State fire and tornado fund.
   d. Workforce safety and insurance fund.
   e. Public employees retirement system.
   f. Insurance regulatory trust fund.
   g. State risk management fund.
   h. Budget stabilization fund.
   i. Water projects stabilization fund.
   j. Health care trust fund.
   k. Cultural endowment fund.
   l. Petroleum tank release compensation fund.
   m. Legacy fund.
   n. ~~Legacy earnings fund.~~
   ~~o.~~ Opioid settlement fund.
   ~~p.~~o. A fund under contract with the board pursuant to subsection 3.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of ~~preliminary budget statement - Contents - How given~~public budget hearing date.

~~1.~~ On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:

~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

~~b.~~1. Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.

~~c.~~2. Provide notice of the public budget hearing date to the county auditor.

~~2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~

~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~

~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

SECTION 4. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

54-27-19.3. Legacy earnings highway distribution fund.

A legacy earnings highway distribution fund is created as a special fund in the state treasury ~~into which must be deposited any allocations of legacy fund earnings made under section 21-10-135 of this Act~~. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;

3. One and five-tenths percent must be transferred to the public transportation fund; and

4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to ~~seven~~eight percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.

2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate the funding in July of each odd-numbered year in the following order:

   a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.

   b. ~~The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.~~

   ~~c.~~ The remaining amount as follows:

      (1) Twenty-five percent to the highway fund.

      (2) The remainder to the legacy property tax relief fund ~~under section 6 of this Act.~~

SECTION 6. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy property tax relief fund.

There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section 5 of this Act and all moneys transferred to the fund by the legislative assembly.

SECTION 7. AMENDMENT. Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

57-02-01. Definitions.

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.
   a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
      (1) The land is platted by the owner.
      (2) Public improvements, including sewer, water, or streets, are in place.
      (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.
      (4) Property is zoned other than agricultural.
      (5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
      (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.
      (7) The property sells for more than four times the county average true and full agricultural value.

b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.

2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.

3. "Assessed valuation" means fifty percent of the true and full value of property.

4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.

5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~11,~~10, 12, 13, and ~~12~~14.

6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.

7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.

8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.

9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.

10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.

11. "Person" includes a firm, corporation, or limited liability company.

~~11.~~12. "Primary residential property" means residential property certified as a primary residence under section 14 of this Act.

13. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.

~~12.~~14. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.

~~13.~~15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.

~~14.~~16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.

~~15.~~17. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.

~~16.~~18. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.

~~17.~~19. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use,

the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

~~**SECTION 8. AMENDMENT.** Subdivision c of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:~~

~~c. The exemption must be determined according to the following schedule:~~

~~(1) If the person's income is not in excess of forty~~fifty ~~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~~fifty ~~thousand dollars and not in excess of seventy~~eighty ~~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.~~

SECTION 8. AMENDMENT. Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

b. For the purpose of this subsection, twenty 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 expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of ~~four hundred~~six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

SECTION 9. AMENDMENT. Section 57-02-08.8 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.8. Property tax credit for disabled veterans - Certification - Distribution.

1. A disabled veteran of the United States armed forces with an armed forces service-connected disability of fifty percent or greater or a disabled veteran who has

an extra-schedular rating to include individual unemployability that brings the veteran's total disability rating to one hundred percent as determined by the department of veterans' affairs, who was discharged under honorable conditions or who has been retired from the armed forces of the United States, or the surviving spouse if the disabled veteran is deceased, is eligible for a credit applied against the first ~~eight thousand one hundred~~nine thousand dollars of taxable valuation of the homestead owned and occupied by the disabled veteran or surviving spouse equal to the percentage of the disabled veteran's disability compensation rating for service-connected disabilities as certified by the department of veterans' affairs for the purpose of applying for a property tax credit. A surviving spouse who is receiving United States department of veterans affairs dependency and indemnity compensation receives a one hundred percent credit as described in this subsection. If the determination of disability or service-connected death occurs subsequent to the qualifying veteran's death through application of a law that renders a surviving spouse of a qualifying veteran eligible for United States department of veterans affairs disability and indemnity compensation, the determination for purposes of the credit under this subsection is presumed to precede the veteran's death. Sufficient proof of receipt of United States department of veterans affairs dependency and indemnity compensation includes correspondence directed to a surviving spouse of a qualifying veteran by the United States department of veterans affairs which indicates the surviving spouse is a survivor of the qualifying veteran and is in receipt of United States department of veterans affairs dependency and indemnity compensation.

2. If two disabled veterans are married to each other and living together, their combined credits may not exceed one hundred percent of ~~eight thousand one hundred~~nine thousand dollars of taxable valuation of the homestead. If a disabled veteran co-owns the homestead property with someone other than the disabled veteran's spouse, parent, or child, the credit is limited to that disabled veteran's interest in the homestead, ~~to a maximum amount~~ calculated by multiplying ~~eight thousand one hundred dollars of~~the taxable valuation ~~by~~of the disabled veteran's ~~percentage of~~ interest in the homestead property ~~and multiplying the result~~ by the applicant's certified disability percentage, not to exceed the maximum credit amount in subsection 1.

3. A disabled veteran or ~~unremarried~~ surviving spouse claiming a credit under this section for the first time shall file with the county auditor an affidavit showing the facts required under this section, a description of the property, and a certificate from the United States department of veterans' affairs, or its successor, certifying to the amount of the disability. The affidavit and certificate must be open for public inspection. A person shall thereafter furnish to the assessor or other assessment officials, when requested to do so, any information which supports the claim for credit for any subsequent year.

4. For purposes of this section, and except as otherwise provided in this section~~,~~ ~~"homestead"~~:

a. "Child" means a child by birth, adoption, or marriage.

b. "Homestead" has the meaning provided in section 47-18-01 except that it also applies to a person who otherwise qualifies under the provisions of this section whether the person is the head of the family.

c. "Parent" means a birth parent, adoptive parent, or stepparent.

5. This section does not reduce the liability of a person for special assessments levied upon property.

6. A credit under this section terminates at the end of the taxable year of the death of the applicant.

7. The board of county commissioners may cancel the portion of unpaid taxes that represents the credit calculated in accordance with this section for any year in which the qualifying owner has held title to the homestead property. Cancellation of taxes for any year before enactment of this section must be based on the law that was in effect for that tax year.

8. Before the first of March of each year, the county auditor of each county shall certify to the tax commissioner on forms prescribed by the tax commissioner the name and address of each person for whom the property tax credit for homesteads of disabled veterans was allowed for the preceding year, the amount of credit allowed, the total of the tax mill rates of all taxing districts, exclusive of any state mill rates, that was applied to other real estate in the taxing districts for the preceding year, and such other information as may be prescribed by the tax commissioner.

9. On or before the first of June of each year, the tax commissioner shall audit the certifications, make the required corrections, and certify to the state treasurer for payment to each county the sum of the amounts computed by multiplying the credit allowed for each homestead of a disabled veteran in the county by the total of the tax mill rates, exclusive of any state mill rates that were applied to other real estate in the taxing districts for the preceding year.
10. The county treasurer upon receipt of the payment from the state treasurer shall apportion and distribute the payment without delay to the county and to the local taxing districts of the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.
11. On or before the first day of June of each year, the tax commissioner shall certify to the state treasurer the amount computed by multiplying the property tax credit allowed under this section for homesteads of disabled veterans in the state for the preceding year by one mill for deposit in the state medical center fund.
12. Supplemental certifications by the county auditor and by the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make such corrections as may be necessary because of errors or because of approval of an application for abatement filed by a person because the credit provided for the homestead of a disabled veteran was not allowed in whole or in part.

SECTION 10. AMENDMENT. Section 57-02-08.9 of the North Dakota Century Code as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, is amended and reenacted as follows:

57-02-08.9. Primary residence credit - Qualification - Application. (Effective for the first ~~two~~ taxable ~~years~~year beginning after December 31, ~~2023~~2024)

1. A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the taxpayer's primary residence as provided in this section. The credit ~~may~~:
   a. Is limited to ~~one thousand four hundred fifty~~one thousand six hundred fifty dollars.
   b. ~~May not reduce the property tax due on voter-approved levies.~~
   ~~c.~~ May not reduce the liability for special assessments levied upon any property.

~~d.~~c. May not exceed the amount of property tax due against the primary residence. ~~The credit must~~

~~e.~~d. Must be applied to reduce the property tax owed on the taxpayer's primary residence after other exemptions or credits under this chapter have been applied.

2. For purposes of this section:

a. "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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.

(2) For purposes of the definition of "primary residence" under this subdivision:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary

residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

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

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. A trust may not claim a credit for more than one primary residence under this section. <u>If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.</u>

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

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

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

   a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.

   b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.

8. 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.

~~**SECTION 11. 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 taxable year beginning after December 31, 2024)**~~

~~1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residence~~residential property~~ as provided in this section. The credit:~~

~~a. Is limited to one thousand four hundred fifty dollars.~~

~~b. May not reduce the property tax due on voter-approved levies.~~

~~c. May not reduce the liability for special assessments levied upon any property.~~

~~d. May not exceed the amount of property tax due against the parcel of primary residence~~residential property~~.~~

~~e. Must be applied to reduce the property tax owed on the taxpayer's~~parcel of primary residence~~residential property after other exemptions or credits under this chapter have been applied.~~

~~2. For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residenceresidential property. A trust may not claim a credit for more than one parcel of primary residenceresidential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary residenceresidential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.~~

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. ~~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.~~

SECTION 11. 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~~ taxable ~~year~~years beginning after December 31, ~~2024~~2025)

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary ~~residence~~residential property as provided in this section. The credit:
   a. Is limited to one thousand six hundred fifty dollars.
   b. May not reduce the liability for special assessments levied upon any property.
   c. May not exceed the amount of property tax due against the parcel of primary ~~residence~~residential property.
   d. Must be applied to reduce the property tax owed on the ~~taxpayer's~~parcel of primary ~~residence~~residential property after other exemptions or credits under this chapter have been applied.

2. ~~For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4.~~ Only one credit under this section may be applied against the property taxes levied against any parcel of primary ~~residence~~residential property. A trust may not claim a credit for more than one parcel of primary ~~residence~~residential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary ~~residence~~residential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner, an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. 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.~~

SECTION 12. 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, 2026~~May 31, 2026)

1. By ~~June first of each year~~June 1, 2025, the tax commissioner shall:
   a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024~~.~~;
   b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and
   ~~b.~~c. Provide to each county auditor:
      (1) A copy of each approved application under subdivision ~~a~~b which identifies a primary residence located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.
2. By November 1, 2025, the tax commissioner shall:
   a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and
   b. Provide to each county auditor:
      (1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.
3. a. For taxable year 2025:
      (1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the

tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.

b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.

~~3.~~4. By ~~January first of each year~~January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 1~~subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~against property taxes owed on primary residences in the county ~~for the preceding year~~as provided in subsection 3.

~~4.~~5. By ~~June first of each year after 2024~~May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~allowed under section 57-02-08.9 in each county for the preceding year~~applied against property taxes owed on primary residences in the county as provided in subsection 3.

~~5.~~6. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.~~7. 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 corrections necessary because of errors.

~~7.~~8. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.~~9. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 13. 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~~after May 31, 2026)

1. ~~By June 1, 2025, the tax commissioner shall:~~

   ~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~

   ~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~

   ~~c. Provide to each county auditor:~~

      ~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

~~2. By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3. a. For taxable year 2025:~~

~~(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.~~

~~(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~

b. ~~For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each ~~primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

~~4.~~2. By January ~~15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits ~~approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which~~that were applied against property taxes owed on primary residences in the county ~~as provided in subsection 3~~for:

a. The preceding taxable year for primary residential property taxed as real estate under this title.

b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

~~5.~~3. By May ~~31, 2026~~thirty-first of each year, the tax commissioner shall ~~review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and~~ certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection ~~3~~2.

~~6.~~4. Within fourteen days of receiving the payment from the state treasurer, ~~but no later than June thirtieth of each year,~~ the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~7.~~5. 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 corrections necessary because of errors.

~~8.~~6. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~9.~~7. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 14. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence certification - Eligibility for primary residential property classification - Application.

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.
   a. An application for primary residence certification must be filed by ~~February~~April first of each year to request a primary residence certification for:
      (1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.
      (2) 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.
   b. As soon as practicable after receiving the applications, no later than ~~February twenty-eighth~~May thirty-first of each year, the tax commissioner shall:
      (1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b~~, no later than March fifteenth of each year~~, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.

d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.

e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.

4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.

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

6. For purposes of this section:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and,

subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

SECTION 15. AMENDMENT. Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.

1. All property subject to taxation based on the value thereof must be valued as follows:

~~1.~~ a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.

~~2.~~ b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.

~~3.~~ c. All commercial property to be valued at ten percent of assessed value.

~~4.~~ d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

2. The ~~resulting~~ amounts ~~must be known as~~resulting from the calculation under subsection 1 are the taxable valuation.

3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which

there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

SECTION 16. AMENDMENT. Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27.1. Property to be valued at true and full value.

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as provided in ~~subsection 15 of~~ section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.
2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

SECTION 17. AMENDMENT. Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

57-02-53. Assessment ~~increase~~notice to property owner.

1. ~~a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~An assessor shall deliver written notice of the ~~amount of increase and the~~amount of the ~~previous~~true and full value of each parcel of taxable property for the current ~~year's assessment to the property owner at the expense of the assessment district for which~~

~~the assessor is employed~~and previous year, including improvements, which have been assessed by the assessor.

2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the state board of equalization, if the state board of equalization ordered the assessment increase.~~

~~c.~~3. The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show the~~contain:

a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year and for the previous year ~~and must also show the~~.

b. The date ~~prescribed by law~~, time, and location for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date, time, and location of the county board of equalization~~hearing of each taxing district~~.

~~d.~~4. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.

~~2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.~~

SECTION 18. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board ~~- Limitation on increase - Notice~~.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 19. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board ~~- Limitation on increase - Notice~~.

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform~~, except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it~~. All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 20. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~- Limitation on increase - Notice~~.

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~
2. Notwithstanding any other provision of this section:
   a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was

assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.

b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may

appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 21. AMENDMENT. Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property ~~a preliminary budget statement and~~ the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.
2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:
   a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located~~, which anticipate levying in excess of one hundred thousand dollars in the current year,~~ and the location at which the taxing district's budget is available for review; and
   b. ~~The true and full value of the property based on the best information available;~~
   ~~c. A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;~~
   ~~d. A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~

~~e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~

~~f.~~ A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy~~; and~~

~~g. The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year~~.

3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year~~.

SECTION 22. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Limitation on levies by taxing districts without voter approval.

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year

levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable percentage limit.

b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.

2. The limitation under subsection 1 does not apply to:

a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:

(1) A change in state law.

(2) Approval by the electors of the taxing district.

b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.

c. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.

f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in special assessment and improvement district funds and revenue bond and reserve funds.

g. Taxes levied to pay bonds, evidences of indebtedness, or obligations of any political subdivision, including taxes levied to pay evidences of indebtedness under chapter 57-47 issued by the Bank of North Dakota from the infrastructure revolving loan fund.

h. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

~~h.~~i. Taxes levied under sections 40-24-10, 40-43-01, 57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.

~~i.~~j. Taxes levied~~, up to eighteen mills, under section 57-15-20~~ by a school district under subsection 5 of section 57-15-14.2.

3. ~~A~~

a. Except as provided in subdivision b, a majority of the qualified electors in a taxing district voting on the question at a statewide general election may approve a ballot measure to authorize the taxing district to impose a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year after the general election during which the ballot measure was approved. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1. The procedure under this subsection applies only to authorization of a property tax levy exceeding the limitation under subsection 1.

b. A majority of the qualified electors in a township voting on the question at an annual township meeting may approve a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year during which the annual township meeting vote under this subdivision is held. The notice and voting procedures applicable to the approval of a township tax levy under section 57-15-19 and approval of increased township general fund levy authority under section 57-15-20 apply to the vote under this subsection. The electors of the township voting on the question must be notified of the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1 before the vote.

4. For taxable year 2025, a city may levy an amount equal to the amount levied in dollars in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy under section 57-15-08 without including the dollars levied for this purpose as part of the limitation under subsection 1.

5. A city or county may not supersede or modify the application of this section under home rule authority.

6. For purposes of this section:

a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:

(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding

taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.

(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.

b. "Allowable percentage limit" means three percent.

c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.

d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The allowable percentage limit; and

(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.

e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

SECTION 23. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

1. The board of a school district may levy a tax ~~not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent,~~ up to an amount in dollars that would be generated by a levy of ~~seventy~~sixty mills on the taxable valuation of the district, for ~~any purpose related to the provision of educational services~~the school district's local contribution to the costs of education. The proceeds of this levy must be deposited into the school district's general fund and may be used ~~in accordance with this subsection~~for any purpose related to the provision of educational services. The proceeds may not be transferred into any other fund.
2. The board of a school district may levy no more than ten mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund. The levy authority under this subsection may not be considered new or increased property tax levy authority for purposes of the levy limitation under section 22 of this Act.
3. The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

~~3.~~4. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.

~~4.~~5. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

~~5.~~6. The board of a school district may levy no more than five mills on the taxable valuation of the district, pursuant to section 57-15-15.1, for purposes of developing a school safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be deposited into a special fund known as the school safety plan fund and used in accordance with this subsection.

~~6.~~7. Nothing in this section limits the board of a school district from levying:

a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and

b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 24. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must:

   a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.

   b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:

      (1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.

(2) The amount of property tax levied as a result of ~~voter-approved levy authority, which must be separately stated for each taxing district that levied property tax as a result of voter-approved levy authority~~mills levied by a school district under section 21-03-15 and subdivision b of subsection 7 of section 57-15-14.2.

c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

(a) ~~Fifty mills~~The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; ~~or~~and

(b) The 2012 taxable year mill rate of the school district ~~minus~~excluding sixty mills.

(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

(1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section 5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 25. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 26. LEGISLATIVE INTENT - CONSIDERATION OF FUTURE PROPERTY TAX RELIEF. It is the intent of the sixty-ninth legislative assembly that the seventieth legislative assembly consider using any funding available from the legacy property tax relief fund exceeding the amount needed for the primary residence credit to provide property tax relief to other property classifications, including agricultural, commercial, centrally assessed, and nonprimary residential property.

SECTION 27. LEGISLATIVE TAX REFORM AND RELIEF ADVISORY COMMITTEE - PROPERTY TAX REFORM AND RELIEF STUDY - TAX COMMISSIONER REPORT - REPORT TO LEGISLATIVE MANAGEMENT.

1. During the 2025-26 interim, the legislative management shall appoint a legislative tax reform and relief advisory committee.
2. The committee must consist of three members of the finance and taxation standing committee of the house of representatives, three members of the finance and taxation standing committee of the senate, one member of the appropriations committee of the house of representatives, and one member of the appropriations committee of the senate, appointed by the respective majority leaders of the house of representatives and senate. The legislative management shall designate the chairman of the committee. The committee shall operate according to the statutes and procedures governing the operation of other legislative management interim committees.
3. The committee shall study property tax reform and relief. Based on information provided by the tax department and input from local taxing districts, the study must include consideration of:
   a. Historical property tax relief provided by the legislative assembly.
   b. The estimated and actual fiscal impact of the property tax relief provided by the sixty-ninth legislative assembly.
   c. Information from the tax commissioner and local taxing district representatives regarding the progress of implementing the primary residence credit and primary residence certification process.
   d. Information and analysis from the tax commissioner regarding the impact of the property tax levy limitation under section 22 of this Act on taxing districts.
      (1) By April 1, 2026, the tax commissioner shall gather and analyze information from local taxing districts necessary to conduct an analysis of the impact of the levy limitation, including:
         (a) Action taken by the taxing districts to implement the levy limitation;
         (b) Taxing district property value increases, separated by increases on existing property and new property;
         (c) The number of taxing districts required to reduce the taxing district's total levy in dollars to comply with the levy limitation, including the method used by the taxing district to reduce the total levy in dollars and which levies were impacted by the total levy reduction; and

(d) Suggestions for improvement of the levy limitation.

(2) The tax commissioner shall provide a summary of the tax commissioner's findings to the committee no later than June 1, 2026.

e. The feasibility and desirability of revising the content of the real estate tax statement to improve transparency in property taxation, which may include a review of the statutory requirements related to the contents and delivery of the real estate tax statement, available historical real estate tax statements, and information regarding any administrative costs associated with updates to the real estate tax statement.

f. Information and analysis from the tax commissioner, state supervisor of assessments, and local taxing district representatives related to tax exempt property. Upon request, the tax commissioner and state supervisor of assessments shall gather and compile information from the county directors of tax equalization and city, county, and township assessors related to tax exempt property. If valuation information is requested, and the actual true and full value of a parcel of tax exempt property is not available, the tax commissioner and state supervisor of assessments shall develop a uniform method to be used by the county directors of tax equalization and city, county, and township assessors to estimate true and full value. Upon request, the county directors of tax equalization and city, county, and township assessors shall provide the tax commissioner and state supervisor of assessments information without delay.

4. The committee shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly

SECTION 28. EXEMPTION - INTEGRATED FORMULA GAP FUNDING PROGRAM - DEFICIENCY APPROPRIATION REQUEST - REPORT.

1. Notwithstanding the provisions of chapter 15.1-27, the superintendent of public instruction shall develop an integrated formula gap funding program, for the biennium beginning July 1, 2025, and ending June 30, 2027.

2. To be eligible for gap funding, a school district must have:

a. Proportionately reduced the school district's property tax levies to comply with section 22 of this Act;

b. As a result of the proportional reduction in subdivision a, reduced the mills levied for the school district's local contribution to the costs of education under subsection 1 of section 57-15-14.2 to a levy of less than sixty mills in the taxable year ending during the school year; and

c. Levied at least sixty mills for the school district's local contribution to the costs of education for the taxable year preceding the taxable year ending during the school year, unless the levy was reduced due to the property tax levy limitation under section 22 of this Act or the twelve percent general fund levy limit in subsection 1 of section 57-15-14.2, as it existed on December 31, 2024.

3. A school district seeking gap funding under this section shall apply, on a form and in the manner prescribed by the superintendent of public instruction, to request gap funding. If the superintendent of public instruction determines the applicant meets the criteria under subsection 2, the superintendent of public instruction shall issue gap funding equal to the amount by which the value of 60 mills in the state aid calculation deducted in chapter 15.1-27 exceeds the amount the school district levied for the school district's local contribution to the costs of education under subsection 1 of section 57-15-14.2 for the taxable year ending during the school year.

4. The superintendent of public instruction may use funding provided for integrated formula payments to provide gap funding to eligible school districts.

5. If the superintendent of public instruction anticipates a shortfall in funding for the integrated formula payments for the 2025-27 biennium, the superintendent shall request a deficiency appropriation from the seventieth legislative assembly.

6. The superintendent of public instruction shall provide at least one report to the budget section during the 2025-26 interim and a report to the appropriations committees of the seventieth legislative assembly regarding the status of the program.

SECTION 29. APPROPRIATION - ~~TRANSFER - GENERAL FUND TO LEGACY PROPERTY TAX RELIEF FUND~~TAX COMMISSIONER - PRIMARY RESIDENCE CREDIT - DEFICIENCY APPROPRIATION REQUEST - INFORMATION ON PROPERTY TAX STATEMENTS~~ - TAX COMMISSIONER~~.

1. ~~There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $74,601,793, which the office of management and budget shall transfer to the legacy property tax relief fund, during the biennium beginning July 1, 2025, and ending June 30, 2027. For legislative council budget status reporting purposes, the transfer under this subsection is considered an ongoing funding item.~~

~~2.~~ There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of ~~$473,000,000~~$438,193,757, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit for the biennium beginning July 1, 2025, and ending June 30, 2027. ~~Of the $473,000,000, $74,601,793 is from the general fund pursuant to subsection 1, and $398,398,207 is from the legacy earnings fund~~If the tax commissioner anticipates a shortfall in the amount appropriated for the 2025-27 biennium, the tax commissioner shall request a deficiency appropriation from the seventieth legislative assembly.

~~3.~~2. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is ~~84.23~~100 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

~~**SECTION 26. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,450,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of the state reimbursement of the homestead tax credit, for the biennium beginning July 1, 2025, and ending June 30, 2027.~~

SECTION 30. TAX COMMISSIONER - PROPERTY TAX RELIEF PROGRAMS - PUBLIC AWARENESS. Any tax relief program advertising or public awareness campaigns conducted by the tax commissioner during the biennium beginning July 1, 2025, and ending June 30, 2027, must identify the amount of funding being utilized from the earnings of the legacy fund for the programs.

SECTION 31. EFFECTIVE DATE.

1. Sections 8, 9, 10, 22, and ~~22~~23 of this Act are effective for taxable years beginning after December 31, 2024.
2. Sections 7, 11, 14, 15, and 16 of this Act are effective for taxable years beginning after December 31, 2025.
3. Section 12 of this Act becomes effective on June 1, 2025.
4. Section 13 of this Act becomes effective on June 1, 2026.

SECTION 32. EMERGENCY. Sections 10 and 12 of this Act are declared to be an emergency measure.

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
4/30/2025
Conference Committee

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

10:02 a.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Representatives Nathe, Bosch; Chairman Weber, Senators Bekkedahl, Erbele

Discussion Topics:

- Farmers property tax

10:02 a.m. Chairman Headland stated he will bring forth an amendment in the next meeting.

10:12 a.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
4/30/2025
Conference Committee

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

1:00 p.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Representatives Nathe, Bosch; Chairman Weber, Senators Bekkedahl, Erbele

Discussion Topics:

- Dollar amount

1:00 p.m. Chairman Headland, District 29, proposed amendment LC#25.1003.04015, testimony #45332.

1:02 p.m. Representative Nathe moved Amendment LC#25.1003.04015 in place of Senate Amendment LC#25.1003.04011.

1:02 p.m. Representative Bosch seconded the motion.

1:03 p.m. Motion failed 3-3-0

1:04 p.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

HB 1176 043025 1306 PM Roll Call Vote

Final Recommendation

HB 1176
Date Submitted: April 30, 2025, 1:06 p.m.
Recommendation: In Place Of
Amendment LC #: 25.1003.04015
Engrossed LC #: N/A

Motioned By: Nathe, Mike

Seconded By: Bosch, Glenn

House Carrier: N/A

Senate Carrier: N/A

Emergency Clause: None

Vote Results: 3 - 3 - 0

Description: N/A

Rep. Headland, Craig	Yea
Rep. Nathe, Mike	Yea
Rep. Bosch, Glenn	Yea
Sen. Weber, Mark F.	Nay
Sen. Bekkedahl, Brad	Nay
Sen. Erbele, Robert	Nay

25.1003.04015
Title.

Prepared by the Legislative Council staff for Representative Headland
April 30, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO SECOND ENGROSSMENT

REENGROSSED HOUSE BILL NO. 1176

Introduced by

Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek, Vigesaa

Senators Bekkedahl, Hogue, Weber, Rummel

In place of amendment (25.1003.04011) adopted by the Senate, Reengrossed House Bill No. 1176 is amended by amendment (25.1003.04015) as follows:

A BILL for an Act to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, ~~subdivision c of subsection 1 of section 57-02-08.1,~~ subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.8, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, 57-15-14.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the ~~homestead tax credit and~~ renters refund, the property tax credit for disabled veterans, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, school district levies, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide for a legislative management study; to provide for a legislative management report; to provide an appropriation; to provide ~~a transfer~~an exemption; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-135~~ 5 of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

SECTION 2. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
   a. State bonding fund.
   b. Teachers' fund for retirement.
   c. State fire and tornado fund.
   d. Workforce safety and insurance fund.
   e. Public employees retirement system.
   f. Insurance regulatory trust fund.
   g. State risk management fund.
   h. Budget stabilization fund.
   i. Water projects stabilization fund.
   j. Health care trust fund.
   k. Cultural endowment fund.
   l. Petroleum tank release compensation fund.
   m. Legacy fund.
   n. ~~Legacy earnings fund.~~
   ~~o.~~ Opioid settlement fund.
   ~~p.~~o. A fund under contract with the board pursuant to subsection 3.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of ~~preliminary budget statement - Contents - How given~~public budget hearing date.

~~1.~~ On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:

~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

~~b.~~1. Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.

~~c.~~2. Provide notice of the public budget hearing date to the county auditor.

~~2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~

~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~

~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

SECTION 4. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

54-27-19.3. Legacy earnings highway distribution fund.

A legacy earnings highway distribution fund is created as a special fund in the state treasury ~~into which must be deposited any allocations of legacy fund earnings made under section 21-10-135 of this Act~~. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;

3. One and five-tenths percent must be transferred to the public transportation fund; and

4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to ~~seven~~eight percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.

2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate the funding in July of each odd-numbered year in the following order:

   a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.

   b. ~~The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.~~

   ~~c.~~ The remaining amount as follows:

      (1) Twenty-five percent to the highway fund.

      (2) The remainder to the legacy property tax relief fund ~~under section 6 of this Act~~.

SECTION 6. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy property tax relief fund.

There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section 5 of this Act and all moneys transferred to the fund by the legislative assembly.

SECTION 7. AMENDMENT. Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

57-02-01. Definitions.

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.
   a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
      (1) The land is platted by the owner.
      (2) Public improvements, including sewer, water, or streets, are in place.
      (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.
      (4) Property is zoned other than agricultural.
      (5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
      (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.
      (7) The property sells for more than four times the county average true and full agricultural value.

b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.

2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.

3. "Assessed valuation" means fifty percent of the true and full value of property.

4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.

5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~11,~~10, 12, 13, and ~~12~~14.

6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.

7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.

8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.

9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.

10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.

11. "Person" includes a firm, corporation, or limited liability company.

~~11.~~12. "Primary residential property" means residential property certified as a primary residence under section 14 of this Act.

13. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.

~~12.~~14. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.

~~13.~~15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.

~~14.~~16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.

~~15.~~17. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.

~~16.~~18. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.

~~17.~~19. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use,

the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

~~**SECTION 8. AMENDMENT.** Subdivision c of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:~~

~~c. The exemption must be determined according to the following schedule:~~

~~(1) If the person's income is not in excess of forty~~fifty ~~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~~fifty ~~thousand dollars and not in excess of seventy~~eighty ~~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.~~

SECTION 8. AMENDMENT. Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

b. For the purpose of this subsection, twenty 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 expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of ~~four hundred~~six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

SECTION 9. AMENDMENT. Section 57-02-08.8 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.8. Property tax credit for disabled veterans - Certification - Distribution.

1. A disabled veteran of the United States armed forces with an armed forces service-connected disability of fifty percent or greater or a disabled veteran who has

an extra-schedular rating to include individual unemployability that brings the veteran's total disability rating to one hundred percent as determined by the department of veterans' affairs, who was discharged under honorable conditions or who has been retired from the armed forces of the United States, or the surviving spouse if the disabled veteran is deceased, is eligible for a credit applied against the first ~~eight thousand one hundred~~nine thousand dollars of taxable valuation of the homestead owned and occupied by the disabled veteran or surviving spouse equal to the percentage of the disabled veteran's disability compensation rating for service-connected disabilities as certified by the department of veterans' affairs for the purpose of applying for a property tax credit. A surviving spouse who is receiving United States department of veterans affairs dependency and indemnity compensation receives a one hundred percent credit as described in this subsection. If the determination of disability or service-connected death occurs subsequent to the qualifying veteran's death through application of a law that renders a surviving spouse of a qualifying veteran eligible for United States department of veterans affairs disability and indemnity compensation, the determination for purposes of the credit under this subsection is presumed to precede the veteran's death. Sufficient proof of receipt of United States department of veterans affairs dependency and indemnity compensation includes correspondence directed to a surviving spouse of a qualifying veteran by the United States department of veterans affairs which indicates the surviving spouse is a survivor of the qualifying veteran and is in receipt of United States department of veterans affairs dependency and indemnity compensation.

2. If two disabled veterans are married to each other and living together, their combined credits may not exceed one hundred percent of ~~eight thousand one hundred~~nine thousand dollars of taxable valuation of the homestead. If a disabled veteran co-owns the homestead property with someone other than the disabled veteran's spouse, parent, or child, the credit is limited to that disabled veteran's interest in the homestead, ~~to a maximum amount~~ calculated by multiplying ~~eight thousand one hundred dollars of~~the taxable valuation ~~by~~of the disabled veteran's ~~percentage of~~ interest in the homestead property ~~and multiplying the result~~ by the applicant's certified disability percentage, not to exceed the maximum credit amount in subsection 1.

3. A disabled veteran or ~~unremarried~~ surviving spouse claiming a credit under this section for the first time shall file with the county auditor an affidavit showing the facts required under this section, a description of the property, and a certificate from the United States department of veterans' affairs, or its successor, certifying to the amount of the disability. The affidavit and certificate must be open for public inspection. A person shall thereafter furnish to the assessor or other assessment officials, when requested to do so, any information which supports the claim for credit for any subsequent year.

4. For purposes of this section, and except as otherwise provided in this section~~,~~ ~~"homestead"~~:

a. "Child" means a child by birth, adoption, or marriage.

b. "Homestead" has the meaning provided in section 47-18-01 except that it also applies to a person who otherwise qualifies under the provisions of this section whether the person is the head of the family.

c. "Parent" means a birth parent, adoptive parent, or stepparent.

5. This section does not reduce the liability of a person for special assessments levied upon property.

6. A credit under this section terminates at the end of the taxable year of the death of the applicant.

7. The board of county commissioners may cancel the portion of unpaid taxes that represents the credit calculated in accordance with this section for any year in which the qualifying owner has held title to the homestead property. Cancellation of taxes for any year before enactment of this section must be based on the law that was in effect for that tax year.

8. Before the first of March of each year, the county auditor of each county shall certify to the tax commissioner on forms prescribed by the tax commissioner the name and address of each person for whom the property tax credit for homesteads of disabled veterans was allowed for the preceding year, the amount of credit allowed, the total of the tax mill rates of all taxing districts, exclusive of any state mill rates, that was applied to other real estate in the taxing districts for the preceding year, and such other information as may be prescribed by the tax commissioner.

9. On or before the first of June of each year, the tax commissioner shall audit the certifications, make the required corrections, and certify to the state treasurer for payment to each county the sum of the amounts computed by multiplying the credit allowed for each homestead of a disabled veteran in the county by the total of the tax mill rates, exclusive of any state mill rates that were applied to other real estate in the taxing districts for the preceding year.
10. The county treasurer upon receipt of the payment from the state treasurer shall apportion and distribute the payment without delay to the county and to the local taxing districts of the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.
11. On or before the first day of June of each year, the tax commissioner shall certify to the state treasurer the amount computed by multiplying the property tax credit allowed under this section for homesteads of disabled veterans in the state for the preceding year by one mill for deposit in the state medical center fund.
12. Supplemental certifications by the county auditor and by the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make such corrections as may be necessary because of errors or because of approval of an application for abatement filed by a person because the credit provided for the homestead of a disabled veteran was not allowed in whole or in part.

SECTION 10. AMENDMENT. Section 57-02-08.9 of the North Dakota Century Code as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, is amended and reenacted as follows:

57-02-08.9. Primary residence credit - Qualification - Application. (Effective for the first ~~two~~ taxable ~~years~~year beginning after December 31, ~~2023~~2024)

1. A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the taxpayer's primary residence as provided in this section. The credit ~~may~~:
   a. Is limited to ~~one thousand four hundred fifty~~one thousand six hundred fifty dollars.
   b. ~~May not reduce the property tax due on voter-approved levies.~~
   ~~c.~~ May not reduce the liability for special assessments levied upon any property.

~~d.~~c. May not exceed the amount of property tax due against the primary residence. ~~The credit must~~

~~e.~~d. Must be applied to reduce the property tax owed on the taxpayer's primary residence after other exemptions or credits under this chapter have been applied.

2. For purposes of this section:

a. "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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.

(2) For purposes of the definition of "primary residence" under this subdivision:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary

residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

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

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. A trust may not claim a credit for more than one primary residence under this section. <u>If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.</u>

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

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

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

   a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.

   b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.

8. 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.

~~**SECTION 11. 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 taxable year beginning after December 31, 2024)**~~

~~1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residenceresidential property as provided in this section. The credit:~~

~~a. Is limited to one thousand four hundred fifty dollars.~~

~~b. May not reduce the property tax due on voter-approved levies.~~

~~c. May not reduce the liability for special assessments levied upon any property.~~

~~d. May not exceed the amount of property tax due against the parcel of primary residenceresidential property.~~

~~e. Must be applied to reduce the property tax owed on the taxpayer'sparcel of primary residenceresidential property after other exemptions or credits under this chapter have been applied.~~

~~2. For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residenceresidential property. A trust may not claim a credit for more than one parcel of primary residenceresidential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary residenceresidential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.~~

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. ~~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.~~

SECTION 11. 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~~ taxable ~~year~~years beginning after December 31, ~~2024~~2025)

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary ~~residence~~residential property as provided in this section. The credit:
   a. Is limited to one thousand six hundred fifty dollars.
   b. May not reduce the liability for special assessments levied upon any property.
   c. May not exceed the amount of property tax due against the parcel of primary ~~residence~~residential property.
   d. Must be applied to reduce the property tax owed on the ~~taxpayer's~~parcel of primary ~~residence~~residential property after other exemptions or credits under this chapter have been applied.
2. ~~For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4.~~ Only one credit under this section may be applied against the property taxes levied against any parcel of primary ~~residence~~residential property. A trust may not claim a credit for more than one parcel of primary ~~residence~~residential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary ~~residence~~residential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner, an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. 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.~~

SECTION 12. 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, 2026~~May 31, 2026)

1. By ~~June first of each year~~June 1, 2025, the tax commissioner shall:
   a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024~~.~~;
   b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and
   ~~b.~~c. Provide to each county auditor:
      (1) A copy of each approved application under subdivision ~~a~~b which identifies a primary residence located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.
2. By November 1, 2025, the tax commissioner shall:
   a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and
   b. Provide to each county auditor:
      (1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.
3. a. For taxable year 2025:
      (1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the

tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.

b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.

~~3.~~4. By ~~January first of each year~~January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 1~~subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~against property taxes owed on primary residences in the county ~~for the preceding year~~as provided in subsection 3.

~~4.~~5. By ~~June first of each year after 2024~~May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~allowed under section 57-02-08.9 in each county for the preceding year~~applied against property taxes owed on primary residences in the county as provided in subsection 3.

~~5.~~6. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.~~7. 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 corrections necessary because of errors.

~~7.~~8. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.~~9. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 13. 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~~after May 31, 2026)

1. ~~By June 1, 2025, the tax commissioner shall:~~

   ~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~

   ~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~

   ~~c. Provide to each county auditor:~~

      ~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.

2. By November 1, 2025, the tax commissioner shall:

a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and

b. Provide to each county auditor:

(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and

(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.

3. a. For taxable year 2025:

(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.

b. ~~For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each ~~primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

~~4.~~2. By January ~~15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits ~~approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which~~that were applied against property taxes owed on primary residences in the county ~~as provided in subsection 3~~for:

a. The preceding taxable year for primary residential property taxed as real estate under this title.

b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

~~5.~~3. By May ~~31, 2026~~thirty-first of each year, the tax commissioner shall ~~review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and~~ certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection ~~3~~2.

~~6.~~4. Within fourteen days of receiving the payment from the state treasurer, ~~but no later than June thirtieth of each year,~~ the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~7.~~5. 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 corrections necessary because of errors.

~~8.~~6. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~9.~~7. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 14. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence certification - Eligibility for primary residential property classification - Application.

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.
   a. An application for primary residence certification must be filed by ~~February~~April first of each year to request a primary residence certification for:
      (1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.
      (2) 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.
   b. As soon as practicable after receiving the applications, no later than ~~February twenty-eighth~~May thirty-first of each year, the tax commissioner shall:
      (1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b~~, no later than March fifteenth of each year~~, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.

d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.

e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.

4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.

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

6. For purposes of this section:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and,

subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

SECTION 15. AMENDMENT. Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.

1. All property subject to taxation based on the value thereof must be valued as follows:

~~1.~~ a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.

~~2.~~ b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.

~~3.~~ c. All commercial property to be valued at ten percent of assessed value.

~~4.~~ d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

2. The ~~resulting~~ amounts ~~must be known as~~resulting from the calculation under subsection 1 are the taxable valuation.

3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which

there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

SECTION 16. AMENDMENT. Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27.1. Property to be valued at true and full value.

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as provided in ~~subsection 15 of~~ section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.
2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

SECTION 17. AMENDMENT. Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

57-02-53. Assessment ~~increase~~notice to property owner.

1. ~~a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~An assessor shall deliver written notice of the ~~amount of increase and the~~amount of the ~~previous~~true and full value of each parcel of taxable property for the current ~~year's assessment to the property owner at the expense of the assessment district for which~~

~~the assessor is employed~~and previous year, including improvements, which have been assessed by the assessor.

2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the state board of equalization, if the state board of equalization ordered the assessment increase.~~

~~c.~~3. The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show the~~contain:

a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year and for the previous year ~~and must also show the~~.

b. The date ~~prescribed by law~~, time, and location for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date, time, and location of the county board of equalization~~hearing of each taxing district~~.

~~d.~~4. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.

~~2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.~~

SECTION 18. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board ~~- Limitation on increase - Notice~~.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 19. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board ~~- Limitation on increase - Notice~~.

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform~~, except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it~~. All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 20. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~- Limitation on increase - Notice~~.

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~
2. Notwithstanding any other provision of this section:
   a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was

assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.

b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may

appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 21. AMENDMENT. Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property ~~a preliminary budget statement and~~ the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.
2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:
   a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located~~, which anticipate levying in excess of one hundred thousand dollars in the current year,~~ and the location at which the taxing district's budget is available for review; and
   b. ~~The true and full value of the property based on the best information available;~~
   ~~c.~~ ~~A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;~~
   ~~d.~~ ~~A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~

~~e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~

~~f.~~ A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy~~; and~~

~~g. The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year~~.

3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year~~.

SECTION 22. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Limitation on levies by taxing districts without voter approval.

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year

levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable percentage limit.

b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.

2. The limitation under subsection 1 does not apply to:

a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:

(1) A change in state law.

(2) Approval by the electors of the taxing district.

b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.

c. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.

f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in special assessment and improvement district funds and revenue bond and reserve funds.

g. Taxes levied to pay bonds, evidences of indebtedness, or obligations of any political subdivision, including taxes levied to pay evidences of indebtedness under chapter 57-47 issued by the Bank of North Dakota from the infrastructure revolving loan fund.

h. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

~~h.~~i. Taxes levied under sections 40-24-10, 40-43-01, 57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.

~~i.~~j. Taxes levied~~, up to eighteen mills, under section 57-15-20~~ by a school district under subsection 5 of section 57-15-14.2.

3. ~~A~~

a. Except as provided in subdivision b, a majority of the qualified electors in a taxing district voting on the question at a statewide general election may approve a ballot measure to authorize the taxing district to impose a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year after the general election during which the ballot measure was approved. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1. The procedure under this subsection applies only to authorization of a property tax levy exceeding the limitation under subsection 1.

b. A majority of the qualified electors in a township voting on the question at an annual township meeting may approve a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year during which the annual township meeting vote under this subdivision is held. The notice and voting procedures applicable to the approval of a township tax levy under section 57-15-19 and approval of increased township general fund levy authority under section 57-15-20 apply to the vote under this subsection. The electors of the township voting on the question must be notified of the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1 before the vote.

4. For taxable year 2025, a city may levy an amount equal to the amount levied in dollars in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy under section 57-15-08 without including the dollars levied for this purpose as part of the limitation under subsection 1.

5. A city or county may not supersede or modify the application of this section under home rule authority.

6. For purposes of this section:

a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:

(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding

taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.

(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.

b. "Allowable percentage limit" means three percent.

c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.

d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The allowable percentage limit; and

(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.

e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

SECTION 23. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

1. The board of a school district may levy a tax ~~not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent,~~ up to an amount in dollars that would be generated by a levy of ~~seventy~~sixty mills on the taxable valuation of the district, for ~~any purpose related to the provision of educational services~~the school district's local contribution to the costs of education. The proceeds of this levy must be deposited into the school district's general fund and may be used ~~in accordance with this subsection~~for any purpose related to the provision of educational services. The proceeds may not be transferred into any other fund.
2. The board of a school district may levy no more than ten mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund. The levy authority under this subsection may not be considered new or increased property tax levy authority for purposes of the levy limitation under section 22 of this Act.
3. The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

~~3.~~4. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.

~~4.~~5. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

~~5.~~6. The board of a school district may levy no more than five mills on the taxable valuation of the district, pursuant to section 57-15-15.1, for purposes of developing a school safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be deposited into a special fund known as the school safety plan fund and used in accordance with this subsection.

~~6.~~7. Nothing in this section limits the board of a school district from levying:

a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and

b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 24. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must:

   a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.

   b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:

      (1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.

(2) The amount of property tax levied as a result of ~~voter-approved levy authority, which must be separately stated for each taxing district that levied property tax as a result of voter-approved levy authority~~mills levied by a school district under section 21-03-15 and subdivision b of subsection 7 of section 57-15-14.2.

c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

(a) ~~Fifty mills~~The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; ~~or~~and

(b) The 2012 taxable year mill rate of the school district ~~minus~~excluding sixty mills.

(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

(1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section 5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 25. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 26. LEGISLATIVE INTENT - CONSIDERATION OF FUTURE PROPERTY TAX RELIEF. It is the intent of the sixty-ninth legislative assembly that the seventieth legislative assembly consider using any funding available from the legacy property tax relief fund exceeding the amount needed for the primary residence credit to provide property tax relief to other property classifications, including agricultural, commercial, centrally assessed, and nonprimary residential property.

SECTION 27. LEGISLATIVE TAX REFORM AND RELIEF ADVISORY COMMITTEE - PROPERTY TAX REFORM AND RELIEF STUDY - TAX COMMISSIONER REPORT - REPORT TO LEGISLATIVE MANAGEMENT.

1. During the 2025-26 interim, the legislative management shall appoint a legislative tax reform and relief advisory committee.
2. The committee must consist of three members of the finance and taxation standing committee of the house of representatives, three members of the finance and taxation standing committee of the senate, one member of the appropriations committee of the house of representatives, and one member of the appropriations committee of the senate, appointed by the respective majority leaders of the house of representatives and senate. The legislative management shall designate the chairman of the committee. The committee shall operate according to the statutes and procedures governing the operation of other legislative management interim committees.
3. The committee shall study property tax reform and relief. Based on information provided by the tax department and input from local taxing districts, the study must include consideration of:
   a. Historical property tax relief provided by the legislative assembly.
   b. The estimated and actual fiscal impact of the property tax relief provided by the sixty-ninth legislative assembly.
   c. Information from the tax commissioner and local taxing district representatives regarding the progress of implementing the primary residence credit and primary residence certification process.
   d. Information and analysis from the tax commissioner regarding the impact of the property tax levy limitation under section 22 of this Act on taxing districts.
      (1) By April 1, 2026, the tax commissioner shall gather and analyze information from local taxing districts necessary to conduct an analysis of the impact of the levy limitation, including:
         (a) Action taken by the taxing districts to implement the levy limitation;
         (b) Taxing district property value increases, separated by increases on existing property and new property;
         (c) The number of taxing districts required to reduce the taxing district's total levy in dollars to comply with the levy limitation, including the method used by the taxing district to reduce the total levy in dollars and which levies were impacted by the total levy reduction; and

(d) Suggestions for improvement of the levy limitation.

(2) The tax commissioner shall provide a summary of the tax commissioner's findings to the committee no later than June 1, 2026.

e. The feasibility and desirability of revising the content of the real estate tax statement to improve transparency in property taxation, which may include a review of the statutory requirements related to the contents and delivery of the real estate tax statement, available historical real estate tax statements, and information regarding any administrative costs associated with updates to the real estate tax statement.

f. Information and analysis from the tax commissioner, state supervisor of assessments, and local taxing district representatives related to tax exempt property. Upon request, the tax commissioner and state supervisor of assessments shall gather and compile information from the county directors of tax equalization and city, county, and township assessors related to tax exempt property. If valuation information is requested, and the actual true and full value of a parcel of tax exempt property is not available, the tax commissioner and state supervisor of assessments shall develop a uniform method to be used by the county directors of tax equalization and city, county, and township assessors to estimate true and full value. Upon request, the county directors of tax equalization and city, county, and township assessors shall provide the tax commissioner and state supervisor of assessments information without delay.

4. The committee shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly

SECTION 28. EXEMPTION - INTEGRATED FORMULA GAP FUNDING PROGRAM - DEFICIENCY APPROPRIATION REQUEST - REPORT.

1. Notwithstanding the provisions of chapter 15.1-27, the superintendent of public instruction shall develop an integrated formula gap funding program, for the biennium beginning July 1, 2025, and ending June 30, 2027.

2. To be eligible for gap funding, a school district must have:

a. Proportionately reduced the school district's property tax levies to comply with section 22 of this Act;

b. As a result of the proportional reduction in subdivision a, reduced the mills levied for the school district's local contribution to the costs of education under subsection 1 of section 57-15-14.2 to a levy of less than sixty mills in the taxable year ending during the school year; and

c. Levied at least sixty mills for the school district's local contribution to the costs of education for the taxable year preceding the taxable year ending during the school year, unless the levy was reduced due to the property tax levy limitation under section 22 of this Act, the twelve percent general fund levy limit in subsection 1 of section 57-15-14.2, as it existed on December 31, 2024, or an unanticipated increase in the total taxable valuation of the school district after the school district's budget was adopted.

3. A school district seeking gap funding under this section shall apply, on a form and in the manner prescribed by the superintendent of public instruction, to request gap funding. If the superintendent of public instruction determines the applicant meets the criteria under subsection 2, the superintendent of public instruction shall issue gap funding equal to the amount by which the value of 60 mills in the state aid calculation deducted in chapter 15.1-27 exceeds the amount the school district levied for the school district's local contribution to the costs of education under subsection 1 of section 57-15-14.2 for the taxable year ending during the school year.

4. The superintendent of public instruction may use funding provided for integrated formula payments to provide gap funding to eligible school districts.

5. If the superintendent of public instruction anticipates a shortfall in funding for the integrated formula payments for the 2025-27 biennium, the superintendent shall request a deficiency appropriation from the seventieth legislative assembly.

6. The superintendent of public instruction shall provide at least one report to the budget section during the 2025-26 interim and a report to the appropriations committees of the seventieth legislative assembly regarding the status of the program.

SECTION 29. APPROPRIATION - ~~TRANSFER - GENERAL FUND TO LEGACY PROPERTY TAX RELIEF FUND~~TAX COMMISSIONER - PRIMARY RESIDENCE CREDIT -

DEFICIENCY APPROPRIATION REQUEST - INFORMATION ON PROPERTY TAX STATEMENTS ~~- TAX COMMISSIONER~~.

1. ~~There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $74,601,793, which the office of management and budget shall transfer to the legacy property tax relief fund, during the biennium beginning July 1, 2025, and ending June 30, 2027. For legislative council budget status reporting purposes, the transfer under this subsection is considered an ongoing funding item.~~

~~2.~~ There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of ~~$473,000,000~~$438,193,757, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit for the biennium beginning July 1, 2025, and ending June 30, 2027. ~~Of the $473,000,000, $74,601,793 is from the general fund pursuant to subsection 1, and $398,398,207 is from the legacy earnings fund~~If the tax commissioner anticipates a shortfall in the amount appropriated for the 2025-27 biennium, the tax commissioner shall request a deficiency appropriation from the seventieth legislative assembly.

~~3.~~2. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is ~~84.23~~100 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

~~**SECTION 26. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,450,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of the state reimbursement of the homestead tax credit, for the biennium beginning July 1, 2025, and ending June 30, 2027.~~

SECTION 30. TAX COMMISSIONER - PROPERTY TAX RELIEF PROGRAMS - PUBLIC AWARENESS. Any tax relief program advertising or public awareness campaigns conducted by the tax commissioner during the biennium beginning July 1, 2025, and ending June 30, 2027, must identify the amount of funding being utilized from the earnings of the legacy fund for the programs.

SECTION 31. EFFECTIVE DATE.

1. Sections 8, 9, 10, 22, and ~~22~~23 of this Act are effective for taxable years beginning after December 31, 2024.
2. Sections 7, 11, 14, 15, and 16 of this Act are effective for taxable years beginning after December 31, 2025.
3. Section 12 of this Act becomes effective on June 1, 2025.
4. Section 13 of this Act becomes effective on June 1, 2026.

SECTION 32. EMERGENCY. Sections 10 and 12 of this Act are declared to be an emergency measure.

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1176
5/2/2025
Conference Committee

Relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the homestead tax credit and renters refund, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide a statement of legislative intent; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

3:04 p.m. Chairman Headland called the meeting to order.

Members Present: Chairman Headland, Representatives Nathe, Bosch; Chairman Weber, Senators Bekkedahl, Erbele

Discussion Topics:

- Committee Action

3:04 p.m. Representative Headland introduced Amendment LC #25.1003.04016, #45375.

3:08 p.m. Senator Weber moved LC #25.1003.04016 In Place of LC #25.1003.04011.

3:08 p.m. Representative Nathe seconded the motion.

3:09 p.m. Roll Call Vote. Motion Passed. 6-0-0

3:09 p.m. Representative Headland and Senator Weber will carry the bill.

3:12 p.m. Chairman Headland adjourned the meeting.

Krystal Eberle for Janae Pinks, Committee Clerk

25.1003.04016
Title.06000

Prepared by the Legislative Council staff for Representative Headland
May 2, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

VG 5/2/25
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PROPOSED AMENDMENTS TO SECOND ENGROSSMENT

REENGROSSED HOUSE BILL NO. 1176

Introduced by

Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek, Vigesaa

Senators Bekkedahl, Hogue, Weber, Rummel

In place of amendment (25.1003.04011) adopted by the Senate, Reengrossed House Bill No. 1176 is amended by amendment (25.1003.04016) as follows:

A BILL for an Act to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, ~~subdivision c of subsection 1 of section 57-02-08.1,~~ subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.8, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, 57-15-14.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the ~~homestead tax credit and~~ renters refund, the property tax credit for disabled veterans, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, school district levies, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide for a legislative management study; to provide for a legislative management report; to provide an appropriation; to provide ~~a transfer~~an exemption; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-13~~5 of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

SECTION 2. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
   a. State bonding fund.
   b. Teachers' fund for retirement.
   c. State fire and tornado fund.
   d. Workforce safety and insurance fund.
   e. Public employees retirement system.
   f. Insurance regulatory trust fund.
   g. State risk management fund.
   h. Budget stabilization fund.
   i. Water projects stabilization fund.
   j. Health care trust fund.
   k. Cultural endowment fund.
   l. Petroleum tank release compensation fund.
   m. Legacy fund.
   n. ~~Legacy earnings fund.~~
   ~~o.~~ Opioid settlement fund.
   ~~p.~~o. A fund under contract with the board pursuant to subsection 3.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

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40-40-06. Notice of ~~preliminary budget statement - Contents - How given~~public budget hearing date.

~~1.~~ On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:

~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

~~b.~~1. Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.

~~c.~~2. Provide notice of the public budget hearing date to the county auditor.

~~2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~

~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~

~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

SECTION 4. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

54-27-19.3. Legacy earnings highway distribution fund.

A legacy earnings highway distribution fund is created as a special fund in the state treasury ~~into which must be deposited any allocations of legacy fund earnings made under section 21-10-135 of this Act~~. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;

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3. One and five-tenths percent must be transferred to the public transportation fund; and

4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to ~~seven~~eight percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.

2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate the funding in July of each odd-numbered year in the following order:

   a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.

   b. ~~The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.~~

   ~~c.~~ The remaining amount as follows:

      (1) Thirty percent to the highway fund.

      (2) The remainder to the legacy property tax relief fund ~~under section 6 of this Act~~.

SECTION 6. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

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Legacy property tax relief fund.

There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section 5 of this Act and all moneys transferred to the fund by the legislative assembly.

SECTION 7. AMENDMENT. Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

57-02-01. Definitions.

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.
   a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
      (1) The land is platted by the owner.
      (2) Public improvements, including sewer, water, or streets, are in place.
      (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.
      (4) Property is zoned other than agricultural.
      (5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
      (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.
      (7) The property sells for more than four times the county average true and full agricultural value.

b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.

2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.

3. "Assessed valuation" means fifty percent of the true and full value of property.

4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.

5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~11,~~10, 12, 13, and ~~12~~14.

6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.

7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.

8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.

9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.

10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.

11. "Person" includes a firm, corporation, or limited liability company.

~~11.~~12. "Primary residential property" means residential property certified as a primary residence under section 14 of this Act.

13. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.

~~12.~~14. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.

~~13.~~15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.

~~14.~~16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.

~~15.~~17. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.

~~16.~~18. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.

~~17.~~19. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use,

the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

~~**SECTION 8. AMENDMENT.** Subdivision c of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:~~

~~c. The exemption must be determined according to the following schedule:~~

~~(1) If the person's income is not in excess of forty~~fifty ~~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~~fifty ~~thousand dollars and not in excess of seventy~~eighty ~~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.~~

SECTION 8. AMENDMENT. Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

b. For the purpose of this subsection, twenty 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 expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of ~~four hundred~~six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

SECTION 9. AMENDMENT. Section 57-02-08.8 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.8. Property tax credit for disabled veterans - Certification - Distribution.

1. A disabled veteran of the United States armed forces with an armed forces service-connected disability of fifty percent or greater or a disabled veteran who has

an extra-schedular rating to include individual unemployability that brings the veteran's total disability rating to one hundred percent as determined by the department of veterans' affairs, who was discharged under honorable conditions or who has been retired from the armed forces of the United States, or the surviving spouse if the disabled veteran is deceased, is eligible for a credit applied against the first ~~eight thousand one hundred~~nine thousand dollars of taxable valuation of the homestead owned and occupied by the disabled veteran or surviving spouse equal to the percentage of the disabled veteran's disability compensation rating for service-connected disabilities as certified by the department of veterans' affairs for the purpose of applying for a property tax credit. A surviving spouse who is receiving United States department of veterans affairs dependency and indemnity compensation receives a one hundred percent credit as described in this subsection. If the determination of disability or service-connected death occurs subsequent to the qualifying veteran's death through application of a law that renders a surviving spouse of a qualifying veteran eligible for United States department of veterans affairs disability and indemnity compensation, the determination for purposes of the credit under this subsection is presumed to precede the veteran's death. Sufficient proof of receipt of United States department of veterans affairs dependency and indemnity compensation includes correspondence directed to a surviving spouse of a qualifying veteran by the United States department of veterans affairs which indicates the surviving spouse is a survivor of the qualifying veteran and is in receipt of United States department of veterans affairs dependency and indemnity compensation.

2. If two disabled veterans are married to each other and living together, their combined credits may not exceed one hundred percent of ~~eight thousand one hundred~~nine thousand dollars of taxable valuation of the homestead. If a disabled veteran co-owns the homestead property with someone other than the disabled veteran's spouse, parent, or child, the credit is limited to that disabled veteran's interest in the homestead, ~~to a maximum amount~~ calculated by multiplying ~~eight thousand one hundred dollars of~~the taxable valuation ~~by~~of the disabled veteran's ~~percentage of~~ interest in the homestead property ~~and multiplying the result~~ by the applicant's certified disability percentage, not to exceed the maximum credit amount in subsection 1.

3. A disabled veteran or ~~unremarried~~ surviving spouse claiming a credit under this section for the first time shall file with the county auditor an affidavit showing the facts required under this section, a description of the property, and a certificate from the United States department of veterans' affairs, or its successor, certifying to the amount of the disability. The affidavit and certificate must be open for public inspection. A person shall thereafter furnish to the assessor or other assessment officials, when requested to do so, any information which supports the claim for credit for any subsequent year.

4. For purposes of this section, and except as otherwise provided in this section~~,~~ ~~"homestead"~~:

   a. "Child" means a child by birth, adoption, or marriage.

   b. "Homestead" has the meaning provided in section 47-18-01 except that it also applies to a person who otherwise qualifies under the provisions of this section whether the person is the head of the family.

   c. "Parent" means a birth parent, adoptive parent, or stepparent.

5. This section does not reduce the liability of a person for special assessments levied upon property.

6. A credit under this section terminates at the end of the taxable year of the death of the applicant.

7. The board of county commissioners may cancel the portion of unpaid taxes that represents the credit calculated in accordance with this section for any year in which the qualifying owner has held title to the homestead property. Cancellation of taxes for any year before enactment of this section must be based on the law that was in effect for that tax year.

8. Before the first of March of each year, the county auditor of each county shall certify to the tax commissioner on forms prescribed by the tax commissioner the name and address of each person for whom the property tax credit for homesteads of disabled veterans was allowed for the preceding year, the amount of credit allowed, the total of the tax mill rates of all taxing districts, exclusive of any state mill rates, that was applied to other real estate in the taxing districts for the preceding year, and such other information as may be prescribed by the tax commissioner.

9. On or before the first of June of each year, the tax commissioner shall audit the certifications, make the required corrections, and certify to the state treasurer for payment to each county the sum of the amounts computed by multiplying the credit allowed for each homestead of a disabled veteran in the county by the total of the tax mill rates, exclusive of any state mill rates that were applied to other real estate in the taxing districts for the preceding year.
10. The county treasurer upon receipt of the payment from the state treasurer shall apportion and distribute the payment without delay to the county and to the local taxing districts of the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.
11. On or before the first day of June of each year, the tax commissioner shall certify to the state treasurer the amount computed by multiplying the property tax credit allowed under this section for homesteads of disabled veterans in the state for the preceding year by one mill for deposit in the state medical center fund.
12. Supplemental certifications by the county auditor and by the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make such corrections as may be necessary because of errors or because of approval of an application for abatement filed by a person because the credit provided for the homestead of a disabled veteran was not allowed in whole or in part.

SECTION 10. AMENDMENT. Section 57-02-08.9 of the North Dakota Century Code as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, is amended and reenacted as follows:

57-02-08.9. Primary residence credit - Qualification - Application. (Effective for the first ~~two~~ taxable ~~years~~year beginning after December 31, ~~2023~~2024)

1. A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the taxpayer's primary residence as provided in this section. The credit ~~may:~~
   a. Is limited to ~~one thousand four hundred fifty~~one thousand six hundred dollars.
   b. ~~May not reduce the property tax due on voter-approved levies.~~
   ~~c.~~ May not reduce the liability for special assessments levied upon any property.

~~d.~~c. May not exceed the amount of property tax due against the primary residence. ~~The credit must~~

~~e.~~d. Must be applied to reduce the property tax owed on the taxpayer's primary residence after other exemptions or credits under this chapter have been applied.

2. For purposes of this section:

a. "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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.

(2) For purposes of the definition of "primary residence" under this subdivision:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary

residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

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

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. A trust may not claim a credit for more than one primary residence under this section. <u>If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.</u>

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

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

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

   a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.

   b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.

8. 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.

~~**SECTION 11. 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 taxable year beginning after December 31, 2024)**~~

~~1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residence~~residential property~~ as provided in this section. The credit:~~

~~a. Is limited to one thousand four hundred fifty dollars.~~

~~b. May not reduce the property tax due on voter-approved levies.~~

~~c. May not reduce the liability for special assessments levied upon any property.~~

~~d. May not exceed the amount of property tax due against the parcel of primary residence~~residential property~~.~~

~~e. Must be applied to reduce the property tax owed on the taxpayer's~~parcel of primary residence~~residential property after other exemptions or credits under this chapter have been applied.~~

~~2. For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

(2) That acquires the property in an instrument of title or under a court order 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.

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

4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residenceresidential property. A trust may not claim a credit for more than one parcel of primary residenceresidential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary residenceresidential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:

a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. ~~The~~ 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.~~

SECTION 11. 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~~ taxable ~~year~~years beginning after December 31, ~~2024~~2025)

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary ~~residence~~residential property as provided in this section. The credit:
   a. Is limited to one thousand six hundred dollars.
   b. May not reduce the liability for special assessments levied upon any property.
   c. May not exceed the amount of property tax due against the parcel of primary ~~residence~~residential property.
   d. Must be applied to reduce the property tax owed on the ~~taxpayer's~~parcel of primary ~~residence~~residential property after other exemptions or credits under this chapter have been applied.
2. ~~For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4.~~ Only one credit under this section may be applied against the property taxes levied against any parcel of primary ~~residence~~residential property. A trust may not claim a credit for more than one parcel of primary ~~residence~~residential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary ~~residence~~residential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner, an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. 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.~~

SECTION 12. 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, 2026~~May 31, 2026)

1. By ~~June first of each year~~June 1, 2025, the tax commissioner shall:
   a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024~~.~~:
   b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and
   ~~b.~~c. Provide to each county auditor:
      (1) A copy of each approved application under subdivision ~~a~~b which identifies a primary residence located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.
2. By November 1, 2025, the tax commissioner shall:
   a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and
   b. Provide to each county auditor:
      (1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.
3. a. For taxable year 2025:
      (1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the

tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.

b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.

~~3.~~4. By ~~January first of each year~~January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 1~~subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~against property taxes owed on primary residences in the county ~~for the preceding year~~as provided in subsection 3.

~~4.~~5. By ~~June first of each year after 2024~~May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~allowed under section 57-02-08.9 in each county for the preceding year~~applied against property taxes owed on primary residences in the county as provided in subsection 3.

~~5.~~6. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.~~7. 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 corrections necessary because of errors.

~~7.~~8. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.~~9. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 13. 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~~after May 31, 2026)

1. ~~By June 1, 2025, the tax commissioner shall:~~

   ~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~

   ~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~

   ~~c. Provide to each county auditor:~~

      ~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

~~2. By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3. a. For taxable year 2025:~~

~~(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.~~

~~(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~

~~b.~~ ~~For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each ~~primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

~~4.~~2. By January ~~15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits ~~approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which~~that were applied against property taxes owed on primary residences in the county ~~as provided in subsection 3~~for:

a. The preceding taxable year for primary residential property taxed as real estate under this title.

b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

~~5.~~3. By May ~~31, 2026~~thirty-first of each year, the tax commissioner shall ~~review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and~~ certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection ~~3~~2.

~~6.~~4. Within fourteen days of receiving the payment from the state treasurer, ~~but no later than June thirtieth of each year,~~ the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~7.~~5. 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 corrections necessary because of errors.

~~8.~~6. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~9.~~7. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 14. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence certification - Eligibility for primary residential property classification - Application.

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.
   a. An application for primary residence certification must be filed by ~~February~~April first of each year to request a primary residence certification for:
      (1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.
      (2) 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.
   b. As soon as practicable after receiving the applications, no later than ~~February twenty-eighth~~May thirty-first of each year, the tax commissioner shall:
      (1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b~~, no later than March fifteenth of each year~~, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.

d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.

e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.

4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.

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

6. For purposes of this section:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and,

subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

SECTION 15. AMENDMENT. Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.

1. All property subject to taxation based on the value thereof must be valued as follows:

~~1.~~ a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.

~~2.~~ b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.

~~3.~~ c. All commercial property to be valued at ten percent of assessed value.

~~4.~~ d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

2. The ~~resulting~~ amounts ~~must be known as~~resulting from the calculation under subsection 1 are the taxable valuation.

3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which

there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

SECTION 16. AMENDMENT. Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27.1. Property to be valued at true and full value.

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as provided in ~~subsection 15 of~~ section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.
2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

SECTION 17. AMENDMENT. Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

57-02-53. Assessment ~~increase~~notice to property owner.

1. ~~a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~An assessor shall deliver written notice of the ~~amount of increase and the~~amount of the ~~previous~~true and full value of each parcel of taxable property for the current ~~year's assessment to the property owner at the expense of the assessment district for which~~

~~the assessor is employed~~and previous year, including improvements, which have been assessed by the assessor.

2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the state board of equalization, if the state board of equalization ordered the assessment increase.~~

~~c.~~3. The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show the~~contain:

a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year and for the previous year ~~and must also show the~~.

b. The date ~~prescribed by law~~, time, and location for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date, time, and location of the county board of equalization~~hearing of each taxing district~~.

~~d.~~4. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.

~~2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.~~

SECTION 18. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board ~~- Limitation on increase - Notice~~.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 19. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board ~~- Limitation on increase - Notice~~.

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform~~, except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it~~. All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 20. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~- Limitation on increase - Notice~~.

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~
2. Notwithstanding any other provision of this section:
   a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was

assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.

b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may

appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 21. AMENDMENT. Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property ~~a preliminary budget statement and~~ the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.
2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:
   a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located~~, which anticipate levying in excess of one hundred thousand dollars in the current year,~~ and the location at which the taxing district's budget is available for review; and
   b. ~~The true and full value of the property based on the best information available;~~
   ~~c. A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;~~
   ~~d. A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~

~~e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~

~~f.~~ A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy~~; and~~

~~g. The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year~~.

3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year~~.

SECTION 22. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Limitation on levies by taxing districts without voter approval.

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year

levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable percentage limit.

b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.

2. The limitation under subsection 1 does not apply to:

a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:

(1) A change in state law.

(2) Approval by the electors of the taxing district.

b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.

c. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.

f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in special assessment and improvement district funds and revenue bond and reserve funds.

g. Taxes levied to pay bonds, evidences of indebtedness, or obligations of any political subdivision, including taxes levied to pay evidences of indebtedness under chapter 57-47 issued by the Bank of North Dakota from the infrastructure revolving loan fund.

h. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

~~h.~~i. Taxes levied under sections 40-24-10, 40-43-01, 57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.

~~i.~~j. Taxes levied~~, up to eighteen mills, under section 57-15-20~~ by a school district under subsection 5 of section 57-15-14.2.

3. ~~A~~

a. Except as provided in subdivision b, a majority of the qualified electors in a taxing district voting on the question at a statewide general election may approve a ballot measure to authorize the taxing district to impose a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year after the general election during which the ballot measure was approved. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1. The procedure under this subsection applies only to authorization of a property tax levy exceeding the limitation under subsection 1.

b. A majority of the qualified electors in a township voting on the question at an annual township meeting may approve a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year during which the annual township meeting vote under this subdivision is held. The notice and voting procedures applicable to the approval of a township tax levy under section 57-15-19 and approval of increased township general fund levy authority under section 57-15-20 apply to the vote under this subsection. The electors of the township voting on the question must be notified of the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1 before the vote.

4. For taxable year 2025, a city may levy an amount equal to the amount levied in dollars in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy under section 57-15-08 without including the dollars levied for this purpose as part of the limitation under subsection 1.

5. A city or county may not supersede or modify the application of this section under home rule authority.

6. For purposes of this section:

a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:

(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding

taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.

(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.

b. "Allowable percentage limit" means three percent.

c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.

d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The allowable percentage limit; and

(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.

e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

SECTION 23. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

1. The board of a school district may levy a tax ~~not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent,~~ up to an amount in dollars that would be generated by a levy of ~~seventy~~sixty mills on the taxable valuation of the district, for ~~any purpose related to the provision of educational services~~the school district's local contribution to the costs of education. The proceeds of this levy must be deposited into the school district's general fund and may be used ~~in accordance with this subsection~~for any purpose related to the provision of educational services. The proceeds may not be transferred into any other fund.
2. The board of a school district may levy no more than ten mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund. The levy authority under this subsection may not be considered new or increased property tax levy authority for purposes of the levy limitation under section 22 of this Act.
3. The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

~~3.~~4. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.

~~4.~~5. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

~~5.~~6. The board of a school district may levy no more than five mills on the taxable valuation of the district, pursuant to section 57-15-15.1, for purposes of developing a school safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be deposited into a special fund known as the school safety plan fund and used in accordance with this subsection.

~~6.~~7. Nothing in this section limits the board of a school district from levying:

a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and

b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 24. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must:

   a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.

   b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:

      (1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.

(2) The amount of property tax levied as a result of ~~voter-approved levy authority, which must be separately stated for each taxing district that levied property tax as a result of voter-approved levy authority~~mills levied by a school district under section 21-03-15 and subdivision b of subsection 7 of section 57-15-14.2.

c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

(a) ~~Fifty mills~~The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; ~~or~~and

(b) The 2012 taxable year mill rate of the school district ~~minus~~excluding sixty mills.

(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

(1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section 5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 25. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 26. LEGISLATIVE INTENT - CONSIDERATION OF FUTURE PROPERTY TAX RELIEF. It is the intent of the sixty-ninth legislative assembly that the seventieth legislative assembly consider using any funding available from the legacy property tax relief fund exceeding the amount needed for the primary residence credit to provide property tax relief to other property classifications, including agricultural, commercial, centrally assessed, and nonprimary residential property.

SECTION 27. LEGISLATIVE TAX REFORM AND RELIEF ADVISORY COMMITTEE - PROPERTY TAX REFORM AND RELIEF STUDY - TAX COMMISSIONER REPORT - REPORT TO LEGISLATIVE MANAGEMENT.

1. During the 2025-26 interim, the legislative management shall appoint a legislative tax reform and relief advisory committee.
2. The committee must consist of three members of the finance and taxation standing committee of the house of representatives, three members of the finance and taxation standing committee of the senate, one member of the appropriations committee of the house of representatives, and one member of the appropriations committee of the senate, appointed by the respective majority leaders of the house of representatives and senate. The legislative management shall designate the chairman of the committee. The committee shall operate according to the statutes and procedures governing the operation of other legislative management interim committees.
3. The committee shall study property tax reform and relief. Based on information provided by the tax department and input from local taxing districts, the study must include consideration of:
   a. Historical property tax relief provided by the legislative assembly.
   b. The estimated and actual fiscal impact of the property tax relief provided by the sixty-ninth legislative assembly.
   c. Information from the tax commissioner and local taxing district representatives regarding the progress of implementing the primary residence credit and primary residence certification process.
   d. Information and analysis from the tax commissioner regarding the impact of the property tax levy limitation under section 22 of this Act on taxing districts.
      (1) By April 1, 2026, the tax commissioner shall gather and analyze information from local taxing districts necessary to conduct an analysis of the impact of the levy limitation, including:
         (a) Action taken by the taxing districts to implement the levy limitation;
         (b) Taxing district property value increases, separated by increases on existing property and new property;
         (c) The number of taxing districts required to reduce the taxing district's total levy in dollars to comply with the levy limitation, including the method used by the taxing district to reduce the total levy in dollars and which levies were impacted by the total levy reduction; and

(d) Suggestions for improvement of the levy limitation.

(2) The tax commissioner shall provide a summary of the tax commissioner's findings to the committee no later than June 1, 2026.

e. The feasibility and desirability of revising the content of the real estate tax statement to improve transparency in property taxation, which may include a review of the statutory requirements related to the contents and delivery of the real estate tax statement, available historical real estate tax statements, and information regarding any administrative costs associated with updates to the real estate tax statement.

f. Information and analysis from the tax commissioner, state supervisor of assessments, and local taxing district representatives related to tax exempt property. Upon request, the tax commissioner and state supervisor of assessments shall gather and compile information from the county directors of tax equalization and city, county, and township assessors related to tax exempt property. If valuation information is requested, and the actual true and full value of a parcel of tax exempt property is not available, the tax commissioner and state supervisor of assessments shall develop a uniform method to be used by the county directors of tax equalization and city, county, and township assessors to estimate true and full value. Upon request, the county directors of tax equalization and city, county, and township assessors shall provide the tax commissioner and state supervisor of assessments information without delay.

4. The committee shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly

SECTION 28. EXEMPTION - INTEGRATED FORMULA GAP FUNDING PROGRAM - DEFICIENCY APPROPRIATION REQUEST - REPORT.

1. Notwithstanding the provisions of chapter 15.1-27, the superintendent of public instruction shall develop an integrated formula gap funding program, for the biennium beginning July 1, 2025, and ending June 30, 2027.

2. To be eligible for gap funding, a school district must have:

a. Proportionately reduced the school district's property tax levies to comply with section 22 of this Act;

b. As a result of the proportional reduction in subdivision a, reduced the mills levied for the school district's local contribution to the costs of education under subsection 1 of section 57-15-14.2 to a levy of less than sixty mills in the taxable year ending during the school year; and

c. Levied at least sixty mills for the school district's local contribution to the costs of education for the taxable year preceding the taxable year ending during the school year, unless the levy was reduced due to the property tax levy limitation under section 22 of this Act, the twelve percent general fund levy limit in subsection 1 of section 57-15-14.2, as it existed on December 31, 2024, or an unanticipated increase in the total taxable valuation of the school district after the school district's budget was adopted.

3. A school district seeking gap funding under this section shall apply, on a form and in the manner prescribed by the superintendent of public instruction, to request gap funding. If the superintendent of public instruction determines the applicant meets the criteria under subsection 2, the superintendent of public instruction shall issue gap funding equal to the amount by which the value of 60 mills in the state aid calculation deducted in chapter 15.1-27 exceeds the amount the school district levied for the school district's local contribution to the costs of education under subsection 1 of section 57-15-14.2 for the taxable year ending during the school year.

4. The superintendent of public instruction may use funding provided for integrated formula payments to provide gap funding to eligible school districts.

5. If the superintendent of public instruction anticipates a shortfall in funding for the integrated formula payments for the 2025-27 biennium, the superintendent shall request a deficiency appropriation from the seventieth legislative assembly.

6. The superintendent of public instruction shall provide at least one report to the budget section during the 2025-26 interim and a report to the appropriations committees of the seventieth legislative assembly regarding the status of the program.

SECTION 29. APPROPRIATION - ~~TRANSFER - GENERAL FUND TO LEGACY PROPERTY TAX RELIEF FUND~~TAX COMMISSIONER - PRIMARY RESIDENCE CREDIT -

DEFICIENCY APPROPRIATION REQUEST - INFORMATION ON PROPERTY TAX STATEMENTS ~~- TAX COMMISSIONER~~.

1. ~~There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $74,601,793, which the office of management and budget shall transfer to the legacy property tax relief fund, during the biennium beginning July 1, 2025, and ending June 30, 2027. For legislative council budget status reporting purposes, the transfer under this subsection is considered an ongoing funding item.~~

~~2.~~ There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of ~~$473,000,000~~$408,900,000, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit for the biennium beginning July 1, 2025, and ending June 30, 2027. ~~Of the $473,000,000, $74,601,793 is from the general fund pursuant to subsection 1, and $398,398,207 is from the legacy earnings fund~~If the tax commissioner anticipates expenditures will exceed the amount appropriated under this section, the tax commissioner may use unspent funding appropriated in the homestead tax credit line item or the disabled veterans' credit line item in House Bill No. 1006, as approved by the sixty-ninth legislative assembly, to provide any additional funding needed for the primary residence credit and shall request a deficiency appropriation from the seventieth legislative assembly for any remaining amount needed for the primary residence credit. The tax commissioner shall report to the office of management and budget and the legislative council any amounts used from the homestead tax credit and disabled veterans' credit line items for the primary residence credit.

~~3.~~2. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is ~~84.23~~100 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

~~**SECTION 26. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT.**~~ ~~There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,450,000, or so much of the sum as may be necessary, to the tax~~

~~commissioner for the purpose of the state reimbursement of the homestead tax credit, for the biennium beginning July 1, 2025, and ending June 30, 2027.~~

SECTION 30. TAX COMMISSIONER - PROPERTY TAX RELIEF PROGRAMS - PUBLIC AWARENESS. Any tax relief program advertising or public awareness campaigns conducted by the tax commissioner during the biennium beginning July 1, 2025, and ending June 30, 2027, must identify the amount of funding being utilized from the earnings of the legacy fund for the programs.

SECTION 31. EFFECTIVE DATE.

1. Sections 8, 9, 10, 22, and ~~22~~23 of this Act are effective for taxable years beginning after December 31, 2024.
2. Sections 7, 11, 14, 15, and 16 of this Act are effective for taxable years beginning after December 31, 2025.
3. Section 12 of this Act becomes effective on June 1, 2025.
4. Section 13 of this Act becomes effective on June 1, 2026.

SECTION 32. EMERGENCY. Sections 10 and 12 of this Act are declared to be an emergency measure.

HB 1176 050225 1509 PM Roll Call Vote

Final Recommendation

HB 1176
Date Submitted: May 2, 2025, 3:09 p.m.
Recommendation: In Place Of
Amendment LC #: 25.1003.04016
Engrossed LC #: N/A

Motioned By: Weber, Mark F.

Seconded By: Nathe, Mike

House Carrier: Headland, Craig

Senate Carrier: Weber, Mark F.

Emergency Clause: None

Vote Results: 6 - 0 - 0

Description: N/A

Rep. Headland, Craig	Yea
Rep. Nathe, Mike	Yea
Rep. Bosch, Glenn	Yea
Sen. Weber, Mark F.	Yea
Sen. Bekkedahl, Brad	Yea
Sen. Erbele, Robert	Yea

Insert LC: 25.1003.04016 Title: 06000
House Carrier: Headland
Senate Carrier: Weber

REPORT OF CONFERENCE COMMITTEE
REENGROSSED HB 1176

Your conference committee (Sens. Weber, Bekkedahl, Erbele and Reps. Headland, Nathe, Bosch) recommends that in place of amendment 25.1003.04011 adopted by the Senate, Reengrossed HB 1176 is amended by amendment 25.1003.04016.

Reengrossed HB 1176 was placed on the Seventh order of business on the calendar.

25.1003.04016
Title.

Prepared by the Legislative Council staff for Representative Headland
May 2, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO SECOND ENGROSSMENT

REENGROSSED HOUSE BILL NO. 1176

Introduced by

Representatives Nathe, Hagert, Headland, Lefor, Porter, Stemen, Swiontek, Vigesaa

Senators Bekkedahl, Hogue, Weber, Rummel

In place of amendment (25.1003.04011) adopted by the Senate, Reengrossed House Bill No. 1176 is amended by amendment (25.1003.04016) as follows:

A BILL for an Act to create and enact two new sections to chapter 54-27, a new section to chapter 57-02, and a new section to chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a primary residence certification, and a limitation on property tax levies without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 40-40-06, 54-27-19.3, and 57-02-01, ~~subdivision c of subsection 1 of section 57-02-08.1,~~ subdivision b of subsection 2 of section 57-02-08.1, section 57-02-08.8, section 57-02-08.9 as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, sections 57-02-08.10, 57-02-27, 57-02-27.1, 57-02-53, 57-09-04, 57-11-03, 57-12-06, 57-15-02.2, 57-15-14.2, and 57-20-07.1 of the North Dakota Century Code, relating to funds invested by the state investment board, property tax definitions, the ~~homestead tax credit and~~ renters refund, the property tax credit for disabled veterans, the primary residence credit, property classifications, assessment and budget hearing notices to property owners, school district levies, and the property tax statement; to repeal sections 21-10-12 and 21-10-13 of the North Dakota Century Code, relating to legacy fund definitions and the legacy earnings fund; to provide for a legislative management study; to provide for a legislative management report; to provide an appropriation; to provide ~~a transfer~~an exemption; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section ~~21-10-135~~ 5 of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs.

SECTION 2. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
   a. State bonding fund.
   b. Teachers' fund for retirement.
   c. State fire and tornado fund.
   d. Workforce safety and insurance fund.
   e. Public employees retirement system.
   f. Insurance regulatory trust fund.
   g. State risk management fund.
   h. Budget stabilization fund.
   i. Water projects stabilization fund.
   j. Health care trust fund.
   k. Cultural endowment fund.
   l. Petroleum tank release compensation fund.
   m. Legacy fund.
   n. ~~Legacy earnings fund.~~
   ~~o.~~ Opioid settlement fund.
   ~~p.~~o. A fund under contract with the board pursuant to subsection 3.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of ~~preliminary budget statement - Contents - How given~~public budget hearing date.

~~1.~~ On or before August tenth of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall:

~~a. Provide the county auditor with a copy of the preliminary budget statement.~~

~~b.~~1. Set a public budget hearing date no earlier than September seventh and no later than October seventh for the purpose of adopting the final budget and making the annual tax levy.

~~c.~~2. Provide notice of the public budget hearing date to the county auditor.

~~2. For municipalities anticipating levying less than one hundred thousand dollars in the current year, notice must:~~

~~a. Contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures;~~

~~b. Be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09; and~~

~~c. Provide that any taxpayer may appear and discuss with the governing body any item of proposed expenditures or may object to any item or amount.~~

SECTION 4. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:

54-27-19.3. Legacy earnings highway distribution fund.

A legacy earnings highway distribution fund is created as a special fund in the state treasury ~~into which must be deposited any allocations of legacy fund earnings made under section 21-10-135 of this Act~~. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;
2. Ten percent must be transferred to the legacy earnings township highway aid fund;

3. One and five-tenths percent must be transferred to the public transportation fund; and
4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 5. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to ~~seven~~eight percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate the funding in July of each odd-numbered year in the following order:
   a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.
   b. ~~The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.~~
   ~~c.~~ The remaining amount as follows:
      (1) Thirty percent to the highway fund.
      (2) The remainder to the legacy property tax relief fund ~~under section 6 of this Act.~~

SECTION 6. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy property tax relief fund.

There is created in the state treasury the legacy property tax relief fund. The fund consists of all moneys allocated to the fund under section 5 of this Act and all moneys transferred to the fund by the legislative assembly.

SECTION 7. AMENDMENT. Section 57-02-01 of the North Dakota Century Code is amended and reenacted as follows:

57-02-01. Definitions.

As used in this title, unless the context or subject matter otherwise requires:

1. "Agricultural property" means platted or unplatted lands used for raising agricultural crops or grazing farm animals, except lands platted and assessed as agricultural property prior to March 30, 1981, shall continue to be assessed as agricultural property until put to a use other than raising agricultural crops or grazing farm animals. Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of the greenhouse. The time limitations contained in this section may not be construed to prevent property that was assessed as other than agricultural property from being assessed as agricultural property if the property otherwise qualifies under this subsection.
   a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:
      (1) The land is platted by the owner.
      (2) Public improvements, including sewer, water, or streets, are in place.
      (3) Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.
      (4) Property is zoned other than agricultural.
      (5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.
      (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.
      (7) The property sells for more than four times the county average true and full agricultural value.

b. Land that was assessed as agricultural property at the time the land was put to use for extraction of oil, natural gas, or subsurface minerals as defined in section 38-12-01 must continue to be assessed as agricultural property if the remainder of the surface owner's parcel of property on which the subsurface mineral activity is occurring continues to qualify for assessment as agricultural property under this subsection.

2. "Air carrier transportation property" means the operative property of each airline whose property is assessed for taxation purposes pursuant to chapters 57-06 and 57-32.

3. "Assessed valuation" means fifty percent of the true and full value of property.

4. "Centrally assessed property" means all property which is assessed by the state board of equalization under chapters 57-05, 57-06, and 57-32.

5. "Commercial property" means all property, or portions of property, not included in the classes of property defined in subsections 1, 4, ~~11,~~10, 12, 13, and ~~12~~14.

6. "Credits" means and includes every claim and demand for money or other valuable thing, and every annuity or sum of money receivable at stated periods, due or to become due, and all claims and demands secured by deeds or mortgages, due or to become due.

7. "Governing body" means a board of county commissioners, city council, board of city commissioners, school board, or board of education, or the similarly constituted and acting board of any other municipality.

8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and every deposit which any person owning the same or holding in trust and residing in this state is entitled to withdraw as money or on demand.

9. "Municipality" or "taxing district" means a county, city, township, school district, water conservation and flood control district, Garrison Diversion Conservancy District, county park district, joint county park district, irrigation district, park district, rural fire protection district, or any other subdivision of the state empowered to levy taxes.

10. "Nonprimary residential property" means residential property, or portions of residential property, not included in the class of property defined in subsection 12.

11. "Person" includes a firm, corporation, or limited liability company.

~~11.~~12. "Primary residential property" means residential property certified as a primary residence under section 14 of this Act.

13. "Railroad property" means the operating property, including franchises, of each railroad operated in this state, including any electric or other street or interurban railway.

~~12.~~14. "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located. The term includes nonprimary residential property and primary residential property.

~~13.~~15. "Taxable valuation" signifies the valuation remaining after deducting exemptions and making other reductions from the original assessed valuation, and is the valuation upon which the rate of levy finally is computed and against which the taxes finally are extended.

~~14.~~16. "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any contiguous quantity of land in the possession of, owned by or recorded as the property of, the same claimant, person, or company.

~~15.~~17. "True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.

~~16.~~18. "Unencumbered cash" means the total cash on hand in any fund, less the amount belonging to the fund in closed banks and less the amount of outstanding warrants, bills, accounts, and contracts which are chargeable against the fund.

~~17.~~19. There shall be a presumption that a unit of land is not a farm unless such unit contains a minimum of ten acres [4.05 hectares], and the taxing authority, in determining whether such presumption shall apply, shall consider such things as the present use,

the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

~~**SECTION 8. AMENDMENT.** Subdivision c of subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:~~

~~c. The exemption must be determined according to the following schedule:~~

~~(1) If the person's income is not in excess of forty~~fifty ~~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~~fifty ~~thousand dollars and not in excess of seventy~~eighty ~~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.~~

SECTION 8. AMENDMENT. Subdivision b of subsection 2 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

b. For the purpose of this subsection, twenty 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 expressly set out in the rental agreement, must be considered as payment made for property tax. When any part of the twenty percent of the annual rent exceeds four percent of the annual income of a qualified applicant, the applicant is entitled to receive a refund from the state general fund for that amount in excess of four percent of the person's annual income, but the refund may not be in excess of ~~four hundred~~six hundred dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

SECTION 9. AMENDMENT. Section 57-02-08.8 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.8. Property tax credit for disabled veterans - Certification - Distribution.

1. A disabled veteran of the United States armed forces with an armed forces service-connected disability of fifty percent or greater or a disabled veteran who has

an extra-schedular rating to include individual unemployability that brings the veteran's total disability rating to one hundred percent as determined by the department of veterans' affairs, who was discharged under honorable conditions or who has been retired from the armed forces of the United States, or the surviving spouse if the disabled veteran is deceased, is eligible for a credit applied against the first ~~eight thousand one hundred~~nine thousand dollars of taxable valuation of the homestead owned and occupied by the disabled veteran or surviving spouse equal to the percentage of the disabled veteran's disability compensation rating for service-connected disabilities as certified by the department of veterans' affairs for the purpose of applying for a property tax credit. A surviving spouse who is receiving United States department of veterans affairs dependency and indemnity compensation receives a one hundred percent credit as described in this subsection. If the determination of disability or service-connected death occurs subsequent to the qualifying veteran's death through application of a law that renders a surviving spouse of a qualifying veteran eligible for United States department of veterans affairs disability and indemnity compensation, the determination for purposes of the credit under this subsection is presumed to precede the veteran's death. Sufficient proof of receipt of United States department of veterans affairs dependency and indemnity compensation includes correspondence directed to a surviving spouse of a qualifying veteran by the United States department of veterans affairs which indicates the surviving spouse is a survivor of the qualifying veteran and is in receipt of United States department of veterans affairs dependency and indemnity compensation.

2. If two disabled veterans are married to each other and living together, their combined credits may not exceed one hundred percent of ~~eight thousand one hundred~~nine thousand dollars of taxable valuation of the homestead. If a disabled veteran co-owns the homestead property with someone other than the disabled veteran's spouse, parent, or child, the credit is limited to that disabled veteran's interest in the homestead, ~~to a maximum amount~~ calculated by multiplying ~~eight thousand one hundred dollars of~~the taxable valuation ~~by~~of the disabled veteran's ~~percentage of~~ interest in the homestead property ~~and multiplying the result~~ by the applicant's certified disability percentage, not to exceed the maximum credit amount in subsection 1.

3. A disabled veteran or ~~unremarried~~ surviving spouse claiming a credit under this section for the first time shall file with the county auditor an affidavit showing the facts required under this section, a description of the property, and a certificate from the United States department of veterans' affairs, or its successor, certifying to the amount of the disability. The affidavit and certificate must be open for public inspection. A person shall thereafter furnish to the assessor or other assessment officials, when requested to do so, any information which supports the claim for credit for any subsequent year.

4. For purposes of this section, and except as otherwise provided in this section~~,~~ ~~"homestead"~~:

   a. "Child" means a child by birth, adoption, or marriage.

   b. "Homestead" has the meaning provided in section 47-18-01 except that it also applies to a person who otherwise qualifies under the provisions of this section whether the person is the head of the family.

   c. "Parent" means a birth parent, adoptive parent, or stepparent.

5. This section does not reduce the liability of a person for special assessments levied upon property.

6. A credit under this section terminates at the end of the taxable year of the death of the applicant.

7. The board of county commissioners may cancel the portion of unpaid taxes that represents the credit calculated in accordance with this section for any year in which the qualifying owner has held title to the homestead property. Cancellation of taxes for any year before enactment of this section must be based on the law that was in effect for that tax year.

8. Before the first of March of each year, the county auditor of each county shall certify to the tax commissioner on forms prescribed by the tax commissioner the name and address of each person for whom the property tax credit for homesteads of disabled veterans was allowed for the preceding year, the amount of credit allowed, the total of the tax mill rates of all taxing districts, exclusive of any state mill rates, that was applied to other real estate in the taxing districts for the preceding year, and such other information as may be prescribed by the tax commissioner.

9. On or before the first of June of each year, the tax commissioner shall audit the certifications, make the required corrections, and certify to the state treasurer for payment to each county the sum of the amounts computed by multiplying the credit allowed for each homestead of a disabled veteran in the county by the total of the tax mill rates, exclusive of any state mill rates that were applied to other real estate in the taxing districts for the preceding year.
10. The county treasurer upon receipt of the payment from the state treasurer shall apportion and distribute the payment without delay to the county and to the local taxing districts of the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.
11. On or before the first day of June of each year, the tax commissioner shall certify to the state treasurer the amount computed by multiplying the property tax credit allowed under this section for homesteads of disabled veterans in the state for the preceding year by one mill for deposit in the state medical center fund.
12. Supplemental certifications by the county auditor and by the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make such corrections as may be necessary because of errors or because of approval of an application for abatement filed by a person because the credit provided for the homestead of a disabled veteran was not allowed in whole or in part.

SECTION 10. AMENDMENT. Section 57-02-08.9 of the North Dakota Century Code as amended by section 1 of Senate Bill No. 2201, as approved by the sixty-ninth legislative assembly, is amended and reenacted as follows:

57-02-08.9. Primary residence credit - Qualification - Application. (Effective for the first ~~two~~ taxable ~~years~~year beginning after December 31, ~~2023~~2024)

1. A taxpayer is entitled to a credit ~~of five hundred dollars~~ against the property tax due on the taxpayer's primary residence as provided in this section. The credit ~~may~~:
   a. Is limited to ~~one thousand four hundred fifty~~one thousand six hundred dollars.
   b. ~~May not reduce the property tax due on voter-approved levies.~~
   ~~c.~~ May not reduce the liability for special assessments levied upon any property.

~~d.~~c. May not exceed the amount of property tax due against the primary residence. ~~The credit must~~

~~e.~~d. Must be applied to reduce the property tax owed on the taxpayer's primary residence after other exemptions or credits under this chapter have been applied.

2. For purposes of this section:

a. "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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.

(2) For purposes of the definition of "primary residence" under this subdivision:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary

residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

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

4. Only one credit under this section may be applied against the property taxes levied against any primary residence. A trust may not claim a credit for more than one primary residence under this section. If a credit under this section is applied against the property tax due on a primary residence subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

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

   a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.

   b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.

8. 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.

~~**SECTION 11. 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 taxable year beginning after December 31, 2024)**~~

~~1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary residence~~residential property ~~as provided in this section. The credit:~~

~~a. Is limited to one thousand four hundred fifty dollars.~~

~~b. May not reduce the property tax due on voter-approved levies.~~

~~c. May not reduce the liability for special assessments levied upon any property.~~

~~d. May not exceed the amount of property tax due against the parcel of primary residence~~residential property~~.~~

~~e. Must be applied to reduce the property tax owed on the taxpayer's~~parcel of ~~primary residence~~residential property ~~after other exemptions or credits under this chapter have been applied.~~

~~2. For purposes of this section:~~

~~a. "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.~~

~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~

~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~

~~(b) Designed or adapted for human residence;~~

~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4. Only one credit under this section may be applied against the property taxes levied against any parcel of primary residenceresidential property. A trust may not claim a credit for more than one parcel of primary residenceresidential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary residenceresidential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.~~

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. ~~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.~~

SECTION 11. 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~~ taxable ~~year~~years beginning after December 31, ~~2024~~2025)

1. A taxpayer is entitled to a credit against the property tax due on the taxpayer's parcel of primary ~~residence~~residential property as provided in this section. The credit:
   a. Is limited to one thousand six hundred dollars.
   b. May not reduce the liability for special assessments levied upon any property.
   c. May not exceed the amount of property tax due against the parcel of primary ~~residence~~residential property.
   d. Must be applied to reduce the property tax owed on the ~~taxpayer's~~parcel of primary ~~residence~~residential property after other exemptions or credits under this chapter have been applied.
2. ~~For purposes of this section:~~
   ~~a. "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.~~
   ~~b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, that, subject to paragraph 2 and subsection 3, is:~~
      ~~(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;~~
      ~~(b) Designed or adapted for human residence;~~
      ~~(c) Used as a residence; and~~

~~(d) Occupied as a primary place of residence by an owner, by an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the credit.~~

~~(2) For purposes of the definition of "primary residence" under this subdivision:~~

~~(a) An individual may not have more than one primary residence.~~

~~(b) A primary residence includes a primary residence taxed under chapter 57-55.~~

~~c. "Qualifying trust" means a trust:~~

~~(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:~~

~~(a) For life;~~

~~(b) For the lesser of life or a term of years; or~~

~~(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and~~

~~(2) That acquires the property in an instrument of title or under a court order 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.~~

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

~~4.~~ Only one credit under this section may be applied against the property taxes levied against any parcel of primary ~~residence~~residential property. A trust may not claim a credit for more than one parcel of primary ~~residence~~residential property under this section. If a credit under this section is applied against the property tax due on a parcel of primary ~~residence~~residential property subject to a real estate transaction, any proration of the amount of property tax owed by a buyer or seller must be based on the amount of property tax owed after application of the credit under this section.

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

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

~~7. To apply for a credit under this section, an applicant shall sign and file with the tax commissioner, an application containing a verified statement of facts establishing the applicant's eligibility as of the date of the application on a form and in the manner prescribed by the tax commissioner. The application must be filed:~~

~~a. By April 1, 2025, to request a credit for taxable year 2025 for a primary residence taxed as real estate under this title or as a mobile home under chapter 57-55.~~

~~b. By September 1, 2025, to request a credit for taxable year 2026 for a primary residence taxed as a mobile home under chapter 57-55.~~

~~8.~~3. 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.~~

SECTION 12. 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, 2026~~May 31, 2026)

1. By ~~June first of each year~~June 1, 2025, the tax commissioner shall:
   a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024~~.~~:
   b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and
   ~~b.~~c. Provide to each county auditor:
      (1) A copy of each approved application under subdivision ~~a~~b which identifies a primary residence located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 in the county for ~~the current~~ taxable year 2025.
2. By November 1, 2025, the tax commissioner shall:
   a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and
   b. Provide to each county auditor:
      (1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and
      (2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.
3. a. For taxable year 2025:
      (1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the

tax commissioner as a qualifying primary residence on the corresponding property tax statement.

(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.

b. For taxable year 2026, the county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence on the corresponding mobile home tax statement.

~~3.~~4. By ~~January first of each year~~January 15, 2026, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under ~~subsection 1~~subdivisions b and c of subsection 1 and under subsection 2 which were applied ~~toward~~against property taxes owed on primary residences in the county ~~for the preceding year~~as provided in subsection 3.

~~4.~~5. By ~~June first of each year after 2024~~May 31, 2026, the tax commissioner shall review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~allowed under section 57-02-08.9 in each county for the preceding year~~applied against property taxes owed on primary residences in the county as provided in subsection 3.

~~5.~~6. Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of each year ~~after 2024~~, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes ~~for the preceding year~~and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~6.~~7. 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 corrections necessary because of errors.

~~7.~~8. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~8.~~9. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 13. 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~~after May 31, 2026)

1. ~~By June 1, 2025, the tax commissioner shall:~~

~~a. Review a sampling of information certified by the county auditor regarding the sum of the credits applied against real estate and mobile home taxes levied for taxable year 2024 to verify the accuracy of the application of the credit and certify to the state treasurer for payment to each county the aggregate dollar amount of credits applied against real estate and mobile home taxes levied for taxable year 2024.~~

~~b. Review the applications received under section 57-02-08.9 for credits to be applied against real estate and mobile home taxes levied for taxable year 2025and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2025; and~~

~~c. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision b which identifies a primary residence located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 in the county for taxable year 2025.~~

~~2. By November 1, 2025, the tax commissioner shall:~~

~~a. Review the applications received under section 57-02-08.9 for primary residences taxed as mobile homes under chapter 57-55 for credits to be applied against taxes levied for taxable year 2026 and determine which applicants qualify for the credit allowed under section 57-02-08.9 for taxable year 2026; and~~

~~b. Provide to each county auditor:~~

~~(1) A copy of each approved application under subdivision a which identifies a primary residence taxed under chapter 57-55 located in the county; and~~

~~(2) The sum of the credits allowed under section 57-02-08.9 for primary residences taxed under chapter 57-55 in the county for taxable year 2026.~~

~~3. a. For taxable year 2025:~~

~~(1) The county auditor shall apply the credit under section 57-02-08.9 to each primary residence taxed as real estate under this title and identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.~~

~~(2) The county auditor shall consider an application received under section 57-02-08.9 for a primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence under subdivisions b and c of subsection 1 as an application for an abatement and refund of taxes in the amount of the credit allowed. The county auditor shall present the application for abatement and refund of taxes to the board of county commissioners at its next regular meeting. The county commissioners shall approve the applications filed under this paragraph as soon as practicable and refunds must be issued without delay according to the procedures in section 57-23-09. The application, notice, and hearing requirements and procedures under chapter 57-23 and sections 57-55-04.1 and 57-55-12 do not apply to an application for abatement and refund filed under this paragraph.~~

~~b.~~ ~~For taxable year 2026, the~~The county auditor shall apply the credit under section 57-02-08.9 to each ~~primary residence taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a qualifying primary residence~~parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

~~4.~~2. By January ~~15, 2026~~fifteenth of each year, the county auditor shall certify to the tax commissioner the sum of the credits ~~approved by the tax commissioner under subdivisions b and c of subsection 1 and subsection 2 which~~that were applied against property taxes owed on primary residences in the county ~~as provided in subsection 3~~for:

a. The preceding taxable year for primary residential property taxed as real estate under this title.

b. The current taxable year for primary residential property taxed as a mobile home under chapter 57-55.

~~5.~~3. By May ~~31, 2026~~thirty-first of each year, the tax commissioner shall ~~review a sampling of information provided by the county auditor to verify the accuracy of the application of the credit and~~ certify to the state treasurer for payment to each county the aggregate dollar amount of credits ~~applied against property taxes owed on primary residences in the county as provided~~certified by the counties in subsection ~~3~~2.

~~6.~~4. Within fourteen days of receiving the payment from the state treasurer, ~~but no later than June thirtieth of each year,~~ the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes and mobile home taxes were apportioned and distributed for the taxable year in which the taxes were levied.

~~7.~~5. 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 corrections necessary because of errors.

~~8.~~6. The county auditors shall provide information requested by the tax commissioner to effectuate this section.

~~9.~~7. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 14. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence certification - Eligibility for primary residential property classification - Application.

1. To be eligible for a primary residential property classification under this chapter, a primary residence must be certified by the county director of tax equalization as provided in this section.
2. A dwelling does not lose its character as a primary residence if the owner of the dwelling does not reside in the primary residence because the individual is confined in a nursing home, hospital, or other care facility, for as long as that confinement lasts and the portion of the primary residence previously occupied by the individual is not rented to another person.
3. To be certified as a primary residence and eligible for the primary residential property classification under this chapter, an owner shall sign and file with the tax commissioner an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered a primary residence under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.
   a. An application for primary residence certification must be filed by ~~February~~April first of each year to request a primary residence certification for:
      (1) The taxable year during which the application is filed for a primary residence taxed as real estate under this title.
      (2) 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.
   b. As soon as practicable after receiving the applications, no later than ~~February twenty-eighth~~May thirty-first of each year, the tax commissioner shall:
      (1) Review the applications received under this subsection and determine which applicants qualify for the primary residence certification; and

(2) Provide to each county director of tax equalization a copy of each approved or rejected application received under this subsection which identifies property located in the county.

c. Within fifteen days of receipt of the applications from the tax commissioner under paragraph 2 of subdivision b~~, no later than March fifteenth of each year~~, the county director of tax equalization shall notify the applicant of the approval or denial of the application and reflect the appropriate classification of the property on the assessment list.

d. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.

e. Determinations of eligibility under this subsection may be appealed through the informal equalization process and formal abatement process.

4. A primary residence certification under this section is valid for the entire taxable year for which the application for certification was approved, without regard to any change of ownership of the property which occurs after the application for certification was approved.

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

6. For purposes of this section:

a. "Owned" means the 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.

b. (1) "Primary residence" means a dwelling in this state, including the land, appurtenances, and improvements used in the residential occupancy of the dwelling, which is not exempt from property taxes as a farm residence and,

subject to subsection 2 and paragraph 2, as of the assessment date of the taxable year, is:

(a) Owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(b) Designed or adapted for human residence;

(c) Used as a residence; and

(d) Occupied as a primary place of residence by an owner, an individual who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the certification.

(2) For purposes of the term:

(a) An individual may not have more than one primary residence.

(b) A primary residence includes a primary residence taxed under chapter 57-55.

c. "Qualifying trust" means a trust:

(1) In which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's primary residence rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(a) For life;

(b) For the lesser of life or a term of years; or

(c) Until the date the trust is revoked or terminated by an instrument or court order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(2) That acquires the property in an instrument of title or under a court order 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.

SECTION 15. AMENDMENT. Section 57-02-27 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27. Property to be valued at a percentage of assessed value - Classification of property - Limitation on valuation of annexed agricultural lands.

1. All property subject to taxation based on the value thereof must be valued as follows:

~~1.~~ a. All primary residential property and nonprimary residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.

~~2.~~ b. All agricultural property to be valued at ten percent of assessed value as determined pursuant to section 57-02-27.2.

~~3.~~ c. All commercial property to be valued at ten percent of assessed value.

~~4.~~ d. All centrally assessed property to be valued at ten percent of assessed value except as provided in section 57-06-14.1.

2. The ~~resulting~~ amounts ~~must be known as~~resulting from the calculation under subsection 1 are the taxable valuation.

3. In determining the assessed value of real and personal property, except agricultural property, the assessor may not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion of value the price at which said property would sell at auction, or at forced sale, or in the aggregate with all the property in the town or district, but the assessor shall value each article or description by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, there must be determined the value of the land, exclusive of improvements, and the value of all taxable improvements and structures thereon, and the aggregate value of the property, including all taxable structures and other improvements, excluding the value of crops growing upon cultivated lands. In valuing any real property upon which

there is a coal or other mine, or stone or other quarry, the same must be valued at such a price as such property, including the mine or quarry, would sell for at a fair voluntary sale for cash. Agricultural lands within the corporate limits of a city which are not platted constitute agricultural property and must be so classified and valued for ad valorem property tax purposes until such lands are put to another use. Agricultural lands, whether within the corporate limits of a city or not, which were platted and assessed as agricultural property prior to March 30, 1981, must be assessed as agricultural property for ad valorem property tax purposes until put to another use. Such valuation must be uniform with the valuation of adjoining unannexed agricultural land.

SECTION 16. AMENDMENT. Section 57-02-27.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-27.1. Property to be valued at true and full value.

1. All assessors and boards of equalization shall place the values of all items of taxable property at the true and full value of the property except as otherwise specifically provided by law, and the amount of taxes that may be levied on such property must be limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1, 57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as provided in ~~subsection 15 of~~ section 57-02-01, except that "true and full value" of agricultural lands must be as determined pursuant to section 57-02-27.2.
2. The governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.

SECTION 17. AMENDMENT. Section 57-02-53 of the North Dakota Century Code is amended and reenacted as follows:

57-02-53. Assessment ~~increase~~notice to property owner.

1. ~~a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the~~An assessor shall deliver written notice of the ~~amount of increase and the~~amount of the ~~previous~~true and full value of each parcel of taxable property for the current ~~year's assessment to the property owner at the expense of the assessment district for which~~

~~the assessor is employed~~and previous year, including improvements, which have been assessed by the assessor.

2. Delivery of written notice to a property owner under this ~~subdivision~~section must be completed at least fifteen days before the meeting of the local board of equalization.

~~b. If written notice by the assessor was not required under subdivision a and action by the township, city, or county board of equalization or order of the state board of equalization has increased the true and full valuation of any lot or tract of land and improvements to an amount that results in a cumulative increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, written notice of the amount of increase and the amount of the previous year's assessment must be delivered to the property owner. The written notice under this subdivision must be mailed or delivered at the expense of the township, city, or county that made the assessment increase or at the expense of the township, city, or county that was ordered to make the increase by the state board of equalization. Delivery of written notice to a property owner under this subdivision must be completed within fifteen days after the meeting of the township, city, or county board of equalization that made or ordered the assessment increase and within thirty days after the meeting of the state board of equalization, if the state board of equalization ordered the assessment increase.~~

~~c.~~3. The tax commissioner shall prescribe suitable forms for written notices under this ~~subsection~~section. The written notice under ~~subdivision a~~this section must ~~show the~~contain:

a. The true and full value of the parcel of taxable property, including improvements, that the assessor determined for the current year and for the previous year ~~and must also show the~~.

b. The date ~~prescribed by law~~, time, and location for the meeting of the local board of equalization of the assessment district in which the parcel of taxable property is located and the meeting date, time, and location of the county board of equalization~~hearing of each taxing district~~.

~~d.~~4. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice.

~~2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase may mean property taxes on the parcel will increase. The notice may contain an estimate of a tax increase resulting from the assessment increase.~~

SECTION 18. AMENDMENT. Section 57-09-04 of the North Dakota Century Code is amended and reenacted as follows:

57-09-04. Duties of board ~~- Limitation on increase - Notice~~.

The township board of equalization shall ascertain whether all taxable property in its township has been properly placed upon the assessment list and duly valued by the assessor. In case any real property has been omitted by inadvertence or otherwise, the board shall place the same upon the list with the true value thereof. The board shall proceed to correct the assessment so that each tract or lot of real property is entered on the assessment list at the true value thereof. ~~The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it.~~ All complaints and grievances of residents of the township must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the township board of equalization must be heard and determined by the county board of equalization. ~~The board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 19. AMENDMENT. Section 57-11-03 of the North Dakota Century Code is amended and reenacted as follows:

57-11-03. Duties of board ~~- Limitation on increase - Notice~~.

At its meeting, the board of equalization shall proceed to equalize and correct the assessment roll. It may change the valuation and assessment of any real property upon the roll by increasing or diminishing the true and full valuation thereof as is reasonable and just to render taxation uniform~~, except that the board may not increase the valuation of any property returned by the assessor to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without first giving the owner or the owner's agent reasonable notice and opportunity to be heard regarding the intention of the board to increase it~~. All complaints and grievances of residents of the city must be heard and decided by the board and it may make corrections as appear to be just. Complaints by nonresidents with reference to the assessment of any real property and complaints by others with reference to any assessment made after the meeting of the city board of equalization must be heard and determined by the county board of equalization. ~~The board shall comply with any requirement for notice of an assessment increase under section 57-02-53.~~

SECTION 20. AMENDMENT. Section 57-12-06 of the North Dakota Century Code is amended and reenacted as follows:

57-12-06. County board of equalization - Equalizing between assessment districts and between properties ~~- Limitation on increase - Notice~~.

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in subsection 2, the board may raise or lower the valuation of classes of property only so as to equalize the assessments as between districts. ~~If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~
2. Notwithstanding any other provision of this section:
   a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was

assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.

b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization. ~~The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.~~

c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.

3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may

appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

SECTION 21. AMENDMENT. Section 57-15-02.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.2. ~~Estimated property tax and budget~~Budget hearing notice.

1. On or before August tenth of each year, the governing body of a taxing district shall provide to the county auditor in each county in which the taxing district has taxable property ~~a preliminary budget statement and~~ the date, time, and location of the taxing district's public hearing on its property tax levy, which may be no earlier than September seventh. A taxing district that fails to provide the information required under this subsection on or before August tenth may not impose a property tax levy in a greater amount of dollars than was imposed by the taxing district in the prior year.
2. By August thirty-first of each year, the county treasurer shall provide a written notice to the owner of each parcel of taxable property ~~with a total estimated property tax of at least one hundred dollars~~. The text of the notice must contain:
   a. The date, time, and location of the public budget hearing for each of the taxing districts in which the property owner's parcel is located~~, which anticipate levying in excess of one hundred thousand dollars in the current year,~~ and the location at which the taxing district's budget is available for review; and
   b. ~~The true and full value of the property based on the best information available;~~
   ~~c.~~ ~~A column showing the actual property tax levy in dollars against the parcel by the taxing district that levied taxes against the parcel in the immediately preceding taxable year and a column showing the estimated property tax levy in dollars against the parcel by the taxing district levying tax in the taxable year for which the notice applies based on the preliminary budget statements of all taxing jurisdictions;~~
   ~~d.~~ ~~A column indicating the difference between the taxing district's total levy from the previous year and the taxing district's estimated levy with the word "INCREASE" printed in boldface type if the proposed tax levy is larger in dollars than the levy in dollars in the previous year;~~

~~e. Information identifying the estimated property tax savings that will be provided pursuant to section 57-20-07.1 based on the best information available;~~

~~f.~~ A statement that there will be an opportunity for citizens to present oral or written comments regarding each taxing district's property tax levy~~; and~~

~~g. The actual amount of the special assessment installment payable against the parcel in the immediately preceding taxable year~~.

3. Delivery of written notice under this section must be by personal delivery to the property owner, mail addressed to the property owner at the property owner's last-known address, or electronic mail to the property owner directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. If a parcel of taxable property is owned by more than one owner, notice must be sent to only one owner of the property. Failure of an owner to receive a notice under this section will not relieve the owner of property tax liability or modify the qualifying date under section 57-20-09 for which an owner may receive a discount for early payment of tax.

4. The tax commissioner shall prescribe suitable forms for written notices under this section.

5. The direct cost of providing taxpayer notices under this section may be allocated in a manner proportionate to the number of notices mailed on behalf of each taxing district ~~that intends to levy in excess of one hundred thousand dollars in property taxes in the current year~~.

SECTION 22. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Limitation on levies by taxing districts without voter approval.

1. a. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the greater of the base year

levy increased by the allowable percentage limit or the adjusted year levy increased by the allowable percentage limit.

b. Excluding any negative excess percentage increase, a taxing district may carry forward an excess percentage increase to be used in any of the five succeeding taxable years. An excess percentage increase may be used only once to increase the limitation under subdivision a and may not be carried forward beyond five taxable years. The oldest unused excess percentage increase must be applied first.

2. The limitation under subsection 1 does not apply to:

a. New or increased property tax levy authority that becomes available to the taxing district in the current taxable year resulting from:

(1) A change in state law.

(2) Approval by the electors of the taxing district.

b. Property tax levy authority increased above zero mills in the current taxable year by the governing board of the taxing district, provided the levy authority was not previously used.

c. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

d. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

e. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.

f. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in special assessment and improvement district funds and revenue bond and reserve funds.

g. Taxes levied to pay bonds, evidences of indebtedness, or obligations of any political subdivision, including taxes levied to pay evidences of indebtedness under chapter 57-47 issued by the Bank of North Dakota from the infrastructure revolving loan fund.

h. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

~~h.~~i. Taxes levied under sections 40-24-10, 40-43-01, 57-15-28, 57-15-41, and 57-15-48 and chapter 61-16.1.

~~i.~~j. Taxes levied~~, up to eighteen mills, under section 57-15-20~~ by a school district under subsection 5 of section 57-15-14.2.

3. ~~A~~

a. Except as provided in subdivision b, a majority of the qualified electors in a taxing district voting on the question at a statewide general election may approve a ballot measure to authorize the taxing district to impose a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year after the general election during which the ballot measure was approved. The ballot measure must state the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1. The procedure under this subsection applies only to authorization of a property tax levy exceeding the limitation under subsection 1.

b. A majority of the qualified electors in a township voting on the question at an annual township meeting may approve a property tax levy exceeding the limitation under subsection 1 for four taxable years at a time, beginning with the taxable year during which the annual township meeting vote under this subdivision is held. The notice and voting procedures applicable to the approval of a township tax levy under section 57-15-19 and approval of increased township general fund levy authority under section 57-15-20 apply to the vote under this subsection. The electors of the township voting on the question must be notified of the proposed percentage increase and the proposed dollar amount increase exceeding the limitation under subsection 1 before the vote.

4. For taxable year 2025, a city may levy an amount equal to the amount levied in dollars in the preceding taxable year under sections 40-05-19 and 57-15-42 as part of the levy under section 57-15-08 without including the dollars levied for this purpose as part of the limitation under subsection 1.

5. A city or county may not supersede or modify the application of this section under home rule authority.

6. For purposes of this section:

a. "Adjusted year levy" means amount of property tax levied in dollars by the taxing district in the preceding taxable year adjusted as follows:

(1) When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(2) When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year, excluding the mill rate associated with:

(a) Any irrepealable tax levied to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota.

(b) A tax levied for the one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

(3) When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding

taxable year by the taxing district must be reduced by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.

(4) When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the preceding taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the preceding taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.

b. "Allowable percentage limit" means three percent.

c. "Base year levy" means the highest amount of property tax levied in dollars by a taxing district in the three taxable years immediately preceding the current taxable year.

d. "Excess percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The allowable percentage limit; and

(2) The difference between the actual amount of property tax levied in dollars and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy.

e. "Proposed percentage increase" means the difference, rounded to the nearest hundredth of a percent, between:

(1) The difference between the amount of property tax in dollars proposed to be levied by the governing board of the taxing district and the greater of the base year levy or the adjusted year levy with the resulting difference under this paragraph divided by the greater of the base year levy or adjusted year levy; and

(2) The allowable percentage limit.

f. "Taxing district" means any political subdivision empowered to levy taxes.

SECTION 23. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

1. The board of a school district may levy a tax ~~not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent,~~ up to an amount in dollars that would be generated by a levy of ~~seventy~~sixty mills on the taxable valuation of the district, for ~~any purpose related to the provision of educational services~~the school district's local contribution to the costs of education. The proceeds of this levy must be deposited into the school district's general fund and may be used ~~in accordance with this subsection~~for any purpose related to the provision of educational services. The proceeds may not be transferred into any other fund.
2. The board of a school district may levy no more than ten mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund. The levy authority under this subsection may not be considered new or increased property tax levy authority for purposes of the levy limitation under section 22 of this Act.
3. The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

~~3.~~4. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.

~~4.~~5. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

~~5.~~6. The board of a school district may levy no more than five mills on the taxable valuation of the district, pursuant to section 57-15-15.1, for purposes of developing a school safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be deposited into a special fund known as the school safety plan fund and used in accordance with this subsection.

~~6.~~7. Nothing in this section limits the board of a school district from levying:

a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and

b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 24. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. The tax statement must:

   a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.

   b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:

      (1) The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.

(2) The amount of property tax levied as a result of ~~voter-approved levy authority, which must be separately stated for each taxing district that levied property tax as a result of voter-approved levy authority~~mills levied by a school district under section 21-03-15 and subdivision b of subsection 7 of section 57-15-14.2.

c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by ~~the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located~~ the lesser of one hundred twenty-five mills or the sum of:

(a) ~~Fifty mills~~The number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year; ~~or~~and

(b) The 2012 taxable year mill rate of the school district ~~minus~~excluding sixty mills.

(2) Legislative tax relief under chapter 50-35 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of relief determined by dividing the amount calculated in subsection 1 of section 50-35-03 for a human service zone by the taxable value of taxable property in the zone for the taxable year.

d. Provide information identifying the primary residence credit, including information regarding the portion of the credit derived from funding distributed from the legacy fund.

(1) The statement must include a separate line item identifying the primary residence credit realized by the taxpayer for each taxable year shown.

(2) The statements must include a separate line item or conspicuous description identifying the portion of the credit derived from funding distributed from the legacy fund.

(a) The dollar amount of the primary residence credit derived from funding distributed from the legacy fund is calculated as the product of the total amount of the primary residence credit realized by the taxpayer in a taxable year multiplied by the applicable percent.

(b) By November first of each year, the tax commissioner shall notify each county auditor of the applicable percent to be used for the calculation in paragraph a for the current and prior two taxable years.

(c) For purposes of this paragraph, "applicable percent" means the percent, rounded to the nearest hundredth of a percent, calculated as the quotient of the amount allocated to the legacy property tax relief fund from the legacy earnings fund for the primary residence credit pursuant to section 5 of this Act divided by the total amount appropriated from the legacy property tax relief fund for the primary residence credit, using the allocations and appropriations for the relevant tax years.

2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 25. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 26. LEGISLATIVE INTENT - CONSIDERATION OF FUTURE PROPERTY TAX RELIEF. It is the intent of the sixty-ninth legislative assembly that the seventieth legislative assembly consider using any funding available from the legacy property tax relief fund exceeding the amount needed for the primary residence credit to provide property tax relief to other property classifications, including agricultural, commercial, centrally assessed, and nonprimary residential property.

SECTION 27. LEGISLATIVE TAX REFORM AND RELIEF ADVISORY COMMITTEE - PROPERTY TAX REFORM AND RELIEF STUDY - TAX COMMISSIONER REPORT - REPORT TO LEGISLATIVE MANAGEMENT.

1. During the 2025-26 interim, the legislative management shall appoint a legislative tax reform and relief advisory committee.
2. The committee must consist of three members of the finance and taxation standing committee of the house of representatives, three members of the finance and taxation standing committee of the senate, one member of the appropriations committee of the house of representatives, and one member of the appropriations committee of the senate, appointed by the respective majority leaders of the house of representatives and senate. The legislative management shall designate the chairman of the committee. The committee shall operate according to the statutes and procedures governing the operation of other legislative management interim committees.
3. The committee shall study property tax reform and relief. Based on information provided by the tax department and input from local taxing districts, the study must include consideration of:
   a. Historical property tax relief provided by the legislative assembly.
   b. The estimated and actual fiscal impact of the property tax relief provided by the sixty-ninth legislative assembly.
   c. Information from the tax commissioner and local taxing district representatives regarding the progress of implementing the primary residence credit and primary residence certification process.
   d. Information and analysis from the tax commissioner regarding the impact of the property tax levy limitation under section 22 of this Act on taxing districts.
      (1) By April 1, 2026, the tax commissioner shall gather and analyze information from local taxing districts necessary to conduct an analysis of the impact of the levy limitation, including:
         (a) Action taken by the taxing districts to implement the levy limitation;
         (b) Taxing district property value increases, separated by increases on existing property and new property;
         (c) The number of taxing districts required to reduce the taxing district's total levy in dollars to comply with the levy limitation, including the method used by the taxing district to reduce the total levy in dollars and which levies were impacted by the total levy reduction; and

(d) Suggestions for improvement of the levy limitation.

(2) The tax commissioner shall provide a summary of the tax commissioner's findings to the committee no later than June 1, 2026.

e. The feasibility and desirability of revising the content of the real estate tax statement to improve transparency in property taxation, which may include a review of the statutory requirements related to the contents and delivery of the real estate tax statement, available historical real estate tax statements, and information regarding any administrative costs associated with updates to the real estate tax statement.

f. Information and analysis from the tax commissioner, state supervisor of assessments, and local taxing district representatives related to tax exempt property. Upon request, the tax commissioner and state supervisor of assessments shall gather and compile information from the county directors of tax equalization and city, county, and township assessors related to tax exempt property. If valuation information is requested, and the actual true and full value of a parcel of tax exempt property is not available, the tax commissioner and state supervisor of assessments shall develop a uniform method to be used by the county directors of tax equalization and city, county, and township assessors to estimate true and full value. Upon request, the county directors of tax equalization and city, county, and township assessors shall provide the tax commissioner and state supervisor of assessments information without delay.

4. The committee shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly

SECTION 28. EXEMPTION - INTEGRATED FORMULA GAP FUNDING PROGRAM - DEFICIENCY APPROPRIATION REQUEST - REPORT.

1. Notwithstanding the provisions of chapter 15.1-27, the superintendent of public instruction shall develop an integrated formula gap funding program, for the biennium beginning July 1, 2025, and ending June 30, 2027.

2. To be eligible for gap funding, a school district must have:

a. Proportionately reduced the school district's property tax levies to comply with section 22 of this Act;

b. As a result of the proportional reduction in subdivision a, reduced the mills levied for the school district's local contribution to the costs of education under subsection 1 of section 57-15-14.2 to a levy of less than sixty mills in the taxable year ending during the school year; and

c. Levied at least sixty mills for the school district's local contribution to the costs of education for the taxable year preceding the taxable year ending during the school year, unless the levy was reduced due to the property tax levy limitation under section 22 of this Act, the twelve percent general fund levy limit in subsection 1 of section 57-15-14.2, as it existed on December 31, 2024, or an unanticipated increase in the total taxable valuation of the school district after the school district's budget was adopted.

3. A school district seeking gap funding under this section shall apply, on a form and in the manner prescribed by the superintendent of public instruction, to request gap funding. If the superintendent of public instruction determines the applicant meets the criteria under subsection 2, the superintendent of public instruction shall issue gap funding equal to the amount by which the value of 60 mills in the state aid calculation deducted in chapter 15.1-27 exceeds the amount the school district levied for the school district's local contribution to the costs of education under subsection 1 of section 57-15-14.2 for the taxable year ending during the school year.

4. The superintendent of public instruction may use funding provided for integrated formula payments to provide gap funding to eligible school districts.

5. If the superintendent of public instruction anticipates a shortfall in funding for the integrated formula payments for the 2025-27 biennium, the superintendent shall request a deficiency appropriation from the seventieth legislative assembly.

6. The superintendent of public instruction shall provide at least one report to the budget section during the 2025-26 interim and a report to the appropriations committees of the seventieth legislative assembly regarding the status of the program.

SECTION 29. APPROPRIATION - ~~TRANSFER - GENERAL FUND TO LEGACY PROPERTY TAX RELIEF FUND~~TAX COMMISSIONER - PRIMARY RESIDENCE CREDIT -

DEFICIENCY APPROPRIATION REQUEST - INFORMATION ON PROPERTY TAX STATEMENTS ~~- TAX COMMISSIONER~~.

1. ~~There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $74,601,793, which the office of management and budget shall transfer to the legacy property tax relief fund, during the biennium beginning July 1, 2025, and ending June 30, 2027. For legislative council budget status reporting purposes, the transfer under this subsection is considered an ongoing funding item.~~

~~2.~~ There is appropriated out of any moneys in the legacy property tax relief fund, not otherwise appropriated, the sum of ~~$473,000,000~~$408,900,000, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement under the primary residence credit for the biennium beginning July 1, 2025, and ending June 30, 2027. ~~Of the $473,000,000, $74,601,793 is from the general fund pursuant to subsection 1, and $398,398,207 is from the legacy earnings fund~~If the tax commissioner anticipates expenditures will exceed the amount appropriated under this section, the tax commissioner may use unspent funding appropriated in the homestead tax credit line item or the disabled veterans' credit line item in House Bill No. 1006, as approved by the sixty-ninth legislative assembly, to provide any additional funding needed for the primary residence credit and shall request a deficiency appropriation from the seventieth legislative assembly for any remaining amount needed for the primary residence credit. The tax commissioner shall report to the office of management and budget and the legislative council any amounts used from the homestead tax credit and disabled veterans' credit line items for the primary residence credit.

~~3.~~2. Pursuant to section 57-20-07.1, the tax commissioner shall notify each county auditor that the applicable percent for taxable years 2025 and 2026 is ~~84.23~~100 percent, which reflects the portion of the primary residence credit derived from funding distributed from the legacy fund.

~~**SECTION 26. APPROPRIATION - TAX COMMISSIONER - HOMESTEAD TAX CREDIT.**~~

~~There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,450,000, or so much of the sum as may be necessary, to the tax~~

~~commissioner for the purpose of the state reimbursement of the homestead tax credit, for the biennium beginning July 1, 2025, and ending June 30, 2027.~~

SECTION 30. TAX COMMISSIONER - PROPERTY TAX RELIEF PROGRAMS - PUBLIC AWARENESS. Any tax relief program advertising or public awareness campaigns conducted by the tax commissioner during the biennium beginning July 1, 2025, and ending June 30, 2027, must identify the amount of funding being utilized from the earnings of the legacy fund for the programs.

SECTION 31. EFFECTIVE DATE.

1. Sections 8, 9, 10, 22, and ~~22~~23 of this Act are effective for taxable years beginning after December 31, 2024.
2. Sections 7, 11, 14, 15, and 16 of this Act are effective for taxable years beginning after December 31, 2025.
3. Section 12 of this Act becomes effective on June 1, 2025.
4. Section 13 of this Act becomes effective on June 1, 2026.

SECTION 32. EMERGENCY. Sections 10 and 12 of this Act are declared to be an emergency measure.