

2025 HOUSE FINANCE AND TAXATION

HB 1575

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1575
1/28/2025

Relating to the primary residence credit; to provide an effective date; and to provide an expiration date.

10:36 a.m. Chairman Headland opened the hearing.

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

Discussion Topics:

- Agricultural / Commercial property
- Revenue source
- Rural property
- True and full value
- Tax fairness

10:36 a.m. Representative Weisz introduced the bill and submitted testimony #32148.

10:48 a.m. Arik Spencer, President, Greater ND Chamber, testified in favor and submitted testimony #32152.

10:50 a.m. Matt Perdue, ND Farmers Union, testified in favor.

10:52 a.m. Pete Hanebutt, ND Farm Bureau, testified in favor.

11:04 a.m. Julie Ellingson, ND Stockmen's Association, testified in support.

11:06 a.m. Chairman Headland closed the hearing.

Janae Pinks, Committee Clerk

Robin Weiss

HB 1575 Summary

HB1575 is a broad based tax relief package that offers relief to Residential, Ag, and Commercial property in our State.

There are 2 major components to this bill.

1. This bill establishes 3 new tax categories. Primary Residence (in HB1176) primary Ag, and Primary Commercial.
Primary residence applies only to the residence you live in. Primary Ag is only available to either North Dakota residents or LLCs domiciled in ND. Primary commercial is available to any business owned by a ND resident or domiciled in the State.
2. The relief portion of the bill is determined by changing the percentage that property is taxed at. Primary residential is currently taxed at 9% of 50% of true and full value. Ag and commercial is taxed at 10% of 50% of true and full value. This bill would change primary residential from 9% to 6%, Primary Ag from 10% to 8%, and Primary commercial from 10% to 9%, which will result in 33% savings for Primary residential, a 20% savings for primary Ag, and a 10% savings for Primary commercial. This would amount to approx.\$345 million relief for Primary Residence, \$95 million relief for Ag, and \$46 million relief for commercial.



GREATER NORTH DAKOTA CHAMBER
HB 1575
House Finance and Tax Committee
Chair Craig Headland
January 28, 2025

Mr. Chairman and members of the Committee, my name is Arik Spencer, and I am the President and CEO of the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, with membership represented by small and large businesses, local chambers, and trade and industry associations across the state. We stand in **support** of House Bill 1575.

Biennially, our board of directors reviews GNDC's member-driven policy statements. HB 1575 is one of the few property tax bills that conform to these policy statements by ensuring an equitable, competitive, and consistent tax structure that fosters long-term revenue stability and provides certainty to businesses for sustained growth and investment.

HB 1575 accomplishes this by offering broad property relief, which is fair given businesses in ND pay approximately 1/3 of the property tax burden that funds the operational costs of political subdivisions. Further, long-term stability is achieved by ensuring most property taxpayers pay some level of property tax, which is important because property tax increases and bond issues will not be born solely by the business community in future years, an issue that has made business community investments in other states less attractive. Please note that we strongly believe that all property tax types should have some tax burden regardless of the type of property tax bill passed.

Finally, GNDC supports a cap on local spending, which we think is wise given the large increase in state funding to political subdivisions, which is proposed to provide the property tax relief offered by this bill.

We hope you give thoughtful consideration to HB 1575, and I will stand for questions.

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1575
2/10/2025

Relating to property classifications and the primary residence credit certification and state reimbursement; to repeal section 57-02-08.9 of the North Dakota Century Code, relating to the primary residence credit; to provide an effective date; and to provide an expiration date.

3:09 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 amendment
- Primary residence credit
- Primary residential property

3:11 p.m. Representative Dockter proposed an amendment to change renters refund from \$400 to \$600, to give 15% tax deduction to commercial and agricultural land, and 40% tax reduction to primary residency; amendment LC# 25.1283.01004 submitted as testimony #36816.

3:24 p.m. Representative Dockter proposed an additional amendment to change the primary residential tax from 9% to 8.5%.

3:31 p.m. Charles Dendy, General Counsel, Office of State Tax Commissioner, stood for questions.

3:38 p.m. Shelli Meier, State Supervisor of Assessments, stood for questions.

3:40 p.m. Representative Dockter continued with testimony.

3:51 p.m. Representative Olson moved to adopt the proposed amendment LC#25.1283.01008.

3:51 p.m. Representative Dressler 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

3:53 p.m. Motion passed 12-2-0.

3:53 p.m. Vice Chairman Hagert proposed an amendment to remove farm home exemption LC# 25.1283.01002; submitted testimony #36821.

4:00 p.m. Shelli Meier, State Supervisor of Assessments, stood for questions.

4:03 p.m. Representative Hagert moved to further amend.

4:04 p.m. Motion failed due to lack of a second.

4:05 p.m. Representative J. Olson moved a Do Pass as Amended and to rerefer to appropriations.

4:05 p.m. Representative Dressler 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	N

Representative Zachary Ista	N
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4:06 p.m. Motion passed 10-4-0.

4:06 p.m. Representative Dockter will carry the bill.

4:06 p.m. Chairman Headland closed the meeting.

Janae Pinks, Committee Clerk

Bill was reconsidered on 2/12/25.

25.1283.01004
Title.

Prepared by the Legislative Council
staff for Representative Dockter
February 7, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1575

Introduced by

Representatives Weisz, Beltz, Dockter, Dressler, Hagert, Headland, Kempenich

Senators Klein, Schaible, Thomas

A BILL for an Act to create and enact ~~threetwo~~ new sections to chapter 54-27, four new sections to chapter 57-02, and a new subdivision to subsection 1 of section 57-55-10 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, primary residence certification, a state reimbursed taxable valuation reduction for primary residential property, ~~and~~ a state reimbursed taxable valuation reduction for agricultural ~~and~~ ~~commercial~~ property owned by resident individuals or entities domiciled in the state and commercial property, and limitations on taxable valuation increases without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 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 57-02-08.10, 57-02-27, and 57-02-27.1, 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 classifications ~~and~~, the homestead tax credit and renters refund, the primary residence credit certification and state reimbursement, and income tax rates for individuals, estates, and trusts; to repeal ~~section~~ sections 21-10-12, 21-10-13, and 57-02-08.9 of the North Dakota Century Code, relating to legacy fund definitions, the legacy earnings fund, and the primary residence credit; to provide an appropriation; to provide for a transfer; to provide an effective date; and to provide an expiration date.

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 ~~21-10-134~~ 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 5 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.

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 4 of this Act and all moneys transferred to the fund by the legislative assembly.

SECTION 6. 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.

- 1 (3) Topsoil is removed or topography is disturbed to the extent that the property
- 2 cannot be used to raise crops or graze farm animals.
- 3 (4) Property is zoned other than agricultural.
- 4 (5) Property has assumed an urban atmosphere because of adjacent
- 5 residential or commercial development on three or more sides.
- 6 (6) The parcel is less than ten acres [4.05 hectares] and not contiguous to
- 7 agricultural property.
- 8 (7) The property sells for more than four times the county average true and full
- 9 agricultural value.
- 10 b. Land that was assessed as agricultural property at the time the land was put to
- 11 use for extraction of oil, natural gas, or subsurface minerals as defined in section
- 12 38-12-01 must continue to be assessed as agricultural property if the remainder
- 13 of the surface owner's parcel of property on which the subsurface mineral activity
- 14 is occurring continues to qualify for assessment as agricultural property under
- 15 this subsection.
- 16 2. "Air carrier transportation property" means the operative property of each airline
- 17 whose property is assessed for taxation purposes pursuant to chapters 57-06 and
- 18 57-32.
- 19 3. "Assessed valuation" means fifty percent of the true and full value of property.
- 20 4. "Centrally assessed property" means all property which is assessed by the state board
- 21 of equalization under chapters 57-05, 57-06, and 57-32.
- 22 5. "Commercial property" means all property, or portions of property, not included in the
- 23 classes of property defined in subsections 1, 4, ~~11, and 10~~, 12, 13, and 14.
- 24 6. "Credits" means and includes every claim and demand for money or other valuable
- 25 thing, and every annuity or sum of money receivable at stated periods, due or to
- 26 become due, and all claims and demands secured by deeds or mortgages, due or to
- 27 become due.
- 28 7. "Governing body" means a board of county commissioners, city council, board of city
- 29 commissioners, school board, or board of education, or the similarly constituted and
- 30 acting board of any other municipality.

- 1 8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and
2 every deposit which any person owning the same or holding in trust and residing in
3 this state is entitled to withdraw as money or on demand.
- 4 9. "Municipality" or "taxing district" means a county, city, township, school district, water
5 conservation and flood control district, Garrison Diversion Conservancy District, county
6 park district, joint county park district, irrigation district, park district, rural fire protection
7 district, or any other subdivision of the state empowered to levy taxes.
- 8 10. "Nonprimary residential property" means residential property, or portions of residential
9 property, not included in the class of property defined in subsection 12.
- 10 11. "Person" includes a firm, corporation, or limited liability company.
- 11 ~~44.12.~~ "Primary residential property" means residential property certified as a primary
12 residence under section 27 of this Act.
- 13 13. "Railroad property" means the operating property, including franchises, of each
14 railroad operated in this state, including any electric or other street or interurban
15 railway.
- 16 ~~42.14.~~ "Residential property" means all property, or portions of property, used by an individual
17 or group of individuals as a dwelling, including property upon which a mobile home is
18 located but not including hotel and motel accommodations required to be licensed
19 under chapter 23-09 nor structures providing living accommodations for four or more
20 separate family units nor any tract of land upon which four or more mobile homes are
21 located. The term includes nonprimary residential property and primary residential
22 property.
- 23 ~~43.15.~~ "Taxable valuation" signifies the valuation remaining after deducting exemptions and
24 making other reductions from the original assessed valuation, and is the valuation
25 upon which the rate of levy finally is computed and against which the taxes finally are
26 extended.
- 27 ~~44.16.~~ "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any
28 contiguous quantity of land in the possession of, owned by or recorded as the property
29 of, the same claimant, person, or company.
- 30 ~~45.17.~~ "True and full value" means the value determined by considering the earning or
31 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 7. 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.

- 1 a. For assessments for taxable year 2025 for a primary residence taxed as real
2 estate under this title and assessments for taxable years 2025 and 2026 for a
3 primary residence taxed as a mobile home under chapter 57-55:
- 4 (1) An application for primary residence certification must be filed by August 1,
5 2025, to request a primary residence certification for:
- 6 (a) Taxable year 2025 for a primary residence taxed as real estate under
7 this title.
- 8 (b) Taxable years 2025 and 2026 for a primary residence taxed as a
9 mobile home under chapter 57-55.
- 10 (2) By October 31, 2025, the tax commissioner shall:
- 11 (a) Review the applications received under this subdivision and
12 determine which applicants qualify for the primary residence
13 certification; and
- 14 (b) Provide to each county director of tax equalization a copy of each
15 approved or rejected application received under this subdivision which
16 identifies property located in the county.
- 17 (3) By November 28, 2025, the county director of tax equalization shall:
- 18 (a) Notify the applicant of the approval or denial of the application.
- 19 (b) Adjust the corresponding taxable year classification from a residential
20 classification to the appropriate classification of primary residential
21 property or nonprimary residential property and correct the
22 assessment list to reflect the appropriate classification of the property.
- 23 b. For assessments for taxable years after 2025 for a primary residence taxed as
24 real estate under this title and assessments after 2026 for a primary residence
25 taxed as a mobile home under chapter 57-55:
- 26 (1) An application for primary residence certification must be filed by February
27 first of each year after 2025 to request a primary residence certification for:
- 28 (a) The taxable year during which the application is filed for a primary
29 residence taxed as real estate under this title.

- 1 (b) The taxable year succeeding the taxable year during which the
2 application is filed for a primary residence taxed as a mobile home
3 under chapter 57-55.
- 4 (2) As soon as practicable after receiving the applications, no later than
5 February twenty-eighth of each year after 2025, the tax department shall:
- 6 (a) Review the applications received under this subdivision and
7 determine which applicants qualify for the primary residence
8 certification; and
- 9 (b) Provide to each county director of tax equalization a copy of each
10 approved or rejected application received under this subdivision which
11 identifies property located in the county.
- 12 (3) Within fifteen days of receipt of the applications from the tax department
13 under paragraph 2, no later than March fifteenth of each year after 2025,
14 the county director of tax equalization shall notify the applicant of the
15 approval or denial of the application and reflect the appropriate classification
16 of the property on the assessment list.
- 17 c. The tax department may request additional documentation from the applicant
18 when making the determination of eligibility.
- 19 d. Determinations of eligibility under this subsection may be appealed through the
20 informal equalization process and formal abatement process.
- 21 4. A primary residence certification under this section is valid for the entire taxable year
22 for which the application for certification was approved, without regard to any change
23 of ownership of the property which occurs after the application for certification was
24 approved.
- 25 5. The tax commissioner shall prescribe, design, and make available all forms necessary
26 to effectuate this section. Application forms must include the full name and address of
27 the applicant and any other information prescribed by the tax commissioner. The
28 county director of tax equalization shall make these forms available to applicants upon
29 request.
- 30 6. For purposes of this section:

- 1 a. "Owned" means the individual holds a present ownership interest, including
2 ownership in fee simple, holds a present life estate or other terminable present
3 ownership interest, holds a beneficial interest in a qualifying trust, or is a
4 purchaser under a contract for deed. The term does not include a mere right of
5 occupancy or a tenancy under a lease.
- 6 b. (1) "Primary residence" means a dwelling in this state, including the land,
7 appurtenances, and improvements used in the residential occupancy of the
8 dwelling, which is not exempt from property taxes as a farm residence and,
9 subject to subsection 2 and paragraph 2, as of the assessment date of the
10 taxable year, is:
- 11 (a) Owned by one or more individuals, either directly or through a
12 beneficial interest in a qualifying trust;
13 (b) Designed or adapted for human residence;
14 (c) Used as a residence; and
15 (d) Occupied as a primary place of residence by an owner, an individual
16 who has a life estate in the property, or, for property owned through a
17 beneficial interest in a qualifying trust, by a trustor or beneficiary of the
18 trust who qualifies for the certification.
- 19 (2) For purposes of the term:
- 20 (a) An individual may not have more than one primary residence.
21 (b) A primary residence includes a primary residence taxed as a mobile
22 home under chapter 57-55.
- 23 c. "Qualifying trust" means a trust:
- 24 (1) In which the agreement, will, or court order creating the trust, an instrument
25 transferring property to the trust, or any other agreement that is binding on
26 the trustee provides that the trustor of the trust or a beneficiary of the trust
27 has the right to use and occupy as the trustor's or beneficiary's primary
28 residence rent free and without charge except for taxes and other costs and
29 expenses specified in the instrument or court order:
- 30 (a) For life;
31 (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 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 thousand~~ 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 thousand~~ fifty thousand dollars and not in excess of ~~seventy thousand~~ 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 57-02-08.10 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~~August 1, 2025)

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

1 the aggregate dollar amount of credits allowed under section 57-02-08.9, as it existed
2 on December 31, 2024, in each county for the preceding year.

3 ~~5.4.~~ Within fourteen days of receiving the payment from the state treasurer, but no later
4 than June thirtieth of ~~each year after 2024~~2025, the county treasurer shall apportion
5 and distribute the payment to the county and to the taxing districts of the county on the
6 same basis as property taxes for the preceding year were apportioned and distributed.

7 ~~6.5.~~ Supplemental certifications by the county auditor and the tax commissioner and
8 supplemental payments by the state treasurer may be made after the dates prescribed
9 in this section to make corrections necessary because of errors.

10 ~~7.6.~~ The county auditors shall provide information requested by the tax commissioner to
11 effectuate this section.

12 ~~8.7.~~ The tax commissioner shall prescribe, design, and make available all forms necessary
13 to effectuate this section.

14 **SECTION 11.** A new section to chapter 57-02 of the North Dakota Century Code is created
15 and enacted as follows:

16 **Primary residential valuation reduction - Qualification - Certification - State**
17 **reimbursement.**

18 1. A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's parcel of
19 primary residential property as defined under section 57-02-01 equal to three and
20 one-half percent of the assessed value of the parcel of primary residential property.
21 The reduction under this section must be applied before other credits under this
22 chapter, including the credits under sections 57-02-08.1 and 57-02-08.8, have been
23 applied.

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

27 3. a. For taxable year 2025:

28 (1) The county auditor shall apply the reduction under this section to each
29 parcel of primary residential property taxed as real estate under this title on
30 the corresponding tax statement.

1 (2) The county auditor shall consider an application received under section 27
2 of this Act for primary residential property certification for a parcel of primary
3 residential property taxed as a mobile home under chapter 57-55 and
4 identified by the tax commissioner as a certified primary residence under
5 section 27 of this Act as an application for an abatement and refund of taxes
6 in an amount consistent with the reduction allowed. The county auditor shall
7 present the application for abatement and refund of taxes to the board of
8 county commissioners at its next regular meeting. The county
9 commissioners shall approve the applications filed under this paragraph as
10 soon as practicable and refunds must be issued without delay according to
11 the procedures in section 57-23-09. The application, notice, and hearing
12 requirements and procedures under chapter 57-23 and sections 57-55-04.1
13 and 57-55-12 do not apply to an application for abatement and refund filed
14 under this paragraph.

15 b. For taxable years after 2025, the county auditor shall apply the reduction under
16 this section to each parcel of primary residential property on the corresponding
17 property tax statement or mobile home tax statement.

18 4. A reduction under this section is valid for the entire taxable year for which the property
19 is certified as primary residential property, without regard to any change of ownership
20 of the property which occurs after the property was classified as primary residential
21 property for the taxable year.

22 5. This section does not reduce the liability of any individual for special assessments
23 levied upon any property.

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

28 7. a. Before January 15, 2026, the county auditor of each county shall certify to the tax
29 commissioner, on forms prescribed by the tax commissioner the following
30 information applicable to taxable year 2025 for primary residential property taxed

as real estate under this title and taxable years 2025 and 2026 for primary residential property taxed as a mobile home under chapter 57-55:

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

(2) The legal description of the property;

(3) The taxable value of the property;

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

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

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

b. Before January fifteenth of each year after 2026, the county auditor of each county shall certify to the tax commissioner, on forms prescribed by the tax commissioner the following information applicable to the taxable year during which the application under section 27 of this Act is filed for primary residential property taxed as real estate under this title and the taxable year succeeding the taxable year during which the application under section 27 of this Act is filed for primary residential property taxed as a mobile home under chapter 57-55:

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

(2) The legal description of the property;

(3) The taxable value of the property;

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

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

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

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

- 1 (1) Review the certifications under subdivision a of subsection 7, make any
2 required corrections, and certify to the state treasurer for payment to each
3 county the sum of the amounts computed by:
- 4 (a) For primary residential valuation reductions for primary residential
5 property taxed as real estate for taxable year 2025, multiplying the
6 reduction allowed for each qualifying parcel of primary residential
7 property taxed as real estate under this title in the county for taxable
8 year 2025 by the total of the tax mill rates for taxable year 2025 of all
9 taxing districts in which the property was located.
- 10 (b) For primary residential valuation reductions for primary residential
11 property taxed as mobile homes under chapter 57-55 for taxable year
12 2025, multiplying the reduction allowed for each qualifying parcel of
13 primary residential property taxed as a mobile home under chapter
14 57-55 in the county for taxable year 2025 by the total of the tax mill
15 rates used to calculate mobile home taxes under chapter 57-55 in
16 taxable year 2025 of all taxing districts in which the property was
17 located.
- 18 (c) For primary residential valuation reductions for primary residential
19 property taxed as mobile homes under chapter 57-55 for taxable year
20 2026, multiplying the reduction allowed for each qualifying parcel of
21 primary residential property taxed as a mobile home under chapter
22 57-55 in the county for taxable year 2026 by the total of the tax mill
23 rates used to calculate mobile home taxes under chapter 57-55 in
24 taxable year 2026 of all taxing districts in which the property was
25 located.
- 26 (2) Certify to the state treasurer for deposit in the state medical center fund the
27 amount computed by multiplying one mill times the reduction allowed under
28 this section for primary residential property taxed as real estate for taxable
29 year 2025 and primary residential property taxed as mobile homes under
30 chapter 57-55 for taxable years 2025 and 2026.
- 31 b. By March fifteenth of each year after 2026, the tax commissioner shall:

- 1 (1) Review the certifications under subdivision b of subsection 7, make any
2 required corrections, and certify to the state treasurer for payment to each
3 county the sum of the amounts computed by:
4 (a) Multiplying the reduction allowed for each qualifying parcel of primary
5 residential property taxed as real estate under this title in the county
6 for the preceding year by the total of the tax mill rates for the
7 preceding year of all taxing districts in which the property was located.
8 (b) Multiplying the reduction allowed for each qualifying parcel of primary
9 residential property taxed as a mobile home under chapter 57-55 in
10 the county for the current year by the total of the tax mill rates used to
11 calculate mobile home taxes under chapter 57-55 for the current
12 taxable year of all taxing districts in which the property was located.
13 (2) Certify annually to the state treasurer for deposit in the state medical center
14 fund the amount computed by multiplying one mill times the reduction
15 allowed under this section for all eligible parcels of primary residential
16 property in the state for:
17 (a) The taxable year during which the application under section 27 of this
18 Act is filed for primary residential property taxed as real estate under
19 this title.
20 (b) The taxable year succeeding the taxable year during which the
21 application under section 27 of this Act is filed for primary residential
22 property taxed as a mobile home under chapter 57-55.
23 c. In reviewing certifications, the tax commissioner may refer to any income tax
24 return information or other information available to the tax commissioner.
25 9. Within fourteen days of receiving the payment from the state treasurer, the county
26 treasurer shall apportion and distribute the payment without delay to the county and to
27 the taxing districts of the county on the same basis property taxes under this chapter
28 and mobile home taxes under chapter 57-55 were apportioned and distributed for the
29 taxable year in which the taxes were levied.
30 10. Supplemental certifications by the county auditor and the tax commissioner and
31 supplemental payments by the state treasurer may be made after the dates prescribed

in this section to make any corrections necessary because of errors or approval of any application for equalization or abatement filed by an individual or entity because all or part of the reduction under this section was not allowed.

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

SECTION 12. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Qualifying Commercial property and qualifying agricultural and commercial property valuation reduction - Qualification - Certification - State reimbursement.

1. A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's parcel of ~~qualifying~~ commercial property or qualifying agricultural property as provided in this section. The reduction is equal to:

~~a. For a parcel of qualifying agricultural property, two percent of the assessed value of the parcel.~~

~~b. For a parcel of qualifying commercial property, one~~ and one-half percent of the assessed value of the parcel of commercial property or qualifying agricultural property.

2. The reduction under this section must be applied before other credits under this chapter.

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

4. To apply for the reduction under this section, an owner shall sign and file with the tax commissioner by August first of each year an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements ~~to be considered qualifying commercial property or qualifying agricultural property for~~ the reduction under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.

5. By October first of each year, the tax commissioner shall:

a. Review the applications received under subsection 4 and determine which applicants qualify for the reduction under this section; and

- 1 b. Provide to each county director of tax equalization a copy of each approved or
2 rejected application which identifies property located in the county.
- 3 6. The county director of tax equalization shall attach each approved application to the
4 assessment list and list the amount of the reduction allowed on the assessment list.
- 5 7. The tax department may request additional documentation from the applicant when
6 making the determination of eligibility.
- 7 8. If an applicant is found to have claimed a reduction fraudulently under this section to
8 which that applicant is not entitled, all reductions under this section for that applicant
9 for that taxable year must be canceled. If an applicant received a reduction that is
10 canceled under this section, the auditor of the county in which the property is located
11 shall enter the amount of the canceled reduction as omitted property on the
12 assessment list of property that has escaped taxation.
- 13 9. Determinations of eligibility for a reduction under this section may be appealed through
14 the equalization and abatement process.
- 15 10. The county auditor shall apply the reduction under this section to each parcel of
16 ~~qualifying~~ commercial property or qualifying agricultural property on the corresponding
17 property tax statement.
- 18 11. A reduction under this section is valid for the entire taxable year for which the claim
19 was approved, without regard to any change of ownership of the property which
20 occurs after the claim was approved for the taxable year.
- 21 12. This section does not reduce the liability of any owner for special assessments levied
22 upon any property.
- 23 13. A reduction of taxable valuation under this section may not be applied to reduce the
24 taxable valuation used for purposes of determining the amount subtracted from a
25 school district's state aid payment under subdivision a of subsection 4 of section
26 15.1-27-04.1.
- 27 14. Before January fifteenth of each year after 2025, the county auditor of each county
28 shall certify to the tax commissioner, on forms prescribed by the tax commissioner, the
29 following information:

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

11 15. By March fifteenth of each year after 2025, the tax commissioner shall:

- 12 a. Review the certifications under subsection 14, make any required corrections,
- 13 and certify to the state treasurer for payment to each county the sum of the
- 14 amounts computed by multiplying the reduction allowed for each parcel of
- 15 qualifying agricultural property and ~~qualifying~~ commercial property in the county
- 16 for the preceding year by the total of the tax mill rates for the preceding year of all
- 17 taxing districts in which the property was located.
- 18 b. Certify annually to the state treasurer for deposit in the state medical center fund
- 19 the amount computed by multiplying one mill times the reduction allowed under
- 20 this section for all parcels of qualifying agricultural property and ~~qualifying~~
- 21 commercial property in the state for the preceding taxable year.

22 16. In reviewing certifications, the tax commissioner may refer to any income tax return

23 information or other information available to the tax commissioner.

24 17. Within fourteen days of receiving the payment from the state treasurer, the county

25 treasurer shall apportion and distribute the payment without delay to the county and to

26 the taxing districts of the county on the same basis property taxes under this chapter

27 were apportioned and distributed for the preceding taxable year.

28 18. Supplemental certifications by the county auditor and the tax commissioner and

29 supplemental payments by the state treasurer may be made after the dates prescribed

30 in this section to make any corrections necessary because of errors or approval of any

application for equalization or abatement filed by an individual or entity because all or part of the reduction under this section was not allowed.

19. 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.

20. For purposes of this section:

a. "Domicile" has the meaning provided under section 47-30.2-01.

b. "Owned" means an individual or entity holds a present ownership interest, including ownership in fee simple, holds a present life estate or other terminable present ownership interest, 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.

c. "Qualifying agricultural property" means agricultural property, as defined under section 57-02-01, which is owned by an individual who is a resident of the state or an entity that is domiciled in the state.

~~d. "Qualifying commercial property" means commercial property, as defined under section 57-02-01, which is owned by an individual who is a resident of the state or an entity that is domiciled in the state.~~

SECTION 13. 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:

4.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.

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

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

5 3. In determining the assessed value of real and personal property, except agricultural
6 property, the assessor may not adopt a lower or different standard of value because
7 the same is to serve as a basis of taxation, nor may the assessor adopt as a criterion
8 of value the price at which said property would sell at auction, or at forced sale, or in
9 the aggregate with all the property in the town or district, but the assessor shall value
10 each article or description by itself, and at such sum or price as the assessor believes
11 the same to be fairly worth in money. In assessing any tract or lot of real property,
12 there must be determined the value of the land, exclusive of improvements, and the
13 value of all taxable improvements and structures thereon, and the aggregate value of
14 the property, including all taxable structures and other improvements, excluding the
15 value of crops growing upon cultivated lands. In valuing any real property upon which
16 there is a coal or other mine, or stone or other quarry, the same must be valued at
17 such a price as such property, including the mine or quarry, would sell for at a fair
18 voluntary sale for cash. Agricultural lands within the corporate limits of a city which are
19 not platted constitute agricultural property and must be so classified and valued for
20 ad valorem property tax purposes until such lands are put to another use. Agricultural
21 lands, whether within the corporate limits of a city or not, which were platted and
22 assessed as agricultural property prior to March 30, 1981, must be assessed as
23 agricultural property for ad valorem property tax purposes until put to another use.
24 Such valuation must be uniform with the valuation of adjoining unannexed agricultural
25 land.

26 **SECTION 14. AMENDMENT.** Section 57-02-27.1 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **57-02-27.1. Property to be valued at true and full value.**

29 1. All assessors and boards of equalization shall place the values of all items of taxable
30 property at the true and full value of the property except as otherwise specifically
31 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 15. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Limitation on taxable valuation increases.

1. Notwithstanding any other provision of law, the taxable valuation on any parcel of taxable property may not exceed by more than three percent the amount of the taxable valuation on that parcel of taxable property in the preceding taxable year, except to the extent improvements to the property have been made which were not included in the taxable valuation of the property in the preceding taxable year. The limitation in this section applies regardless of a sale, transfer, or other change in ownership of the property.
2. Taxable valuations exceeding the limitations under subsection 1 may be imposed upon approval of a ballot measure, stating the proposed maximum allowable percentage increase in taxable valuation, by a majority of the qualified electors of the taxing district voting on the question at a statewide general or primary election. Taxable valuations exceeding the limitations under subsection 1 may be approved by electors for not more than four taxable years at a time.
3. A city or county may not supersede or modify the application of this section under home rule authority.

SECTION 16. 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

1	\$0	\$44,950	\$0.00 + 0.00%	\$0
2	\$44,950	\$149,025	\$0.00 + 1.95%	\$44,950
3	\$149,025		\$2,029.46 + 2.50%	\$149,025
4	d. Head of household.			
5	If North Dakota taxable income is:			
6	Over	Not over	The tax is equal to	Of amount over
7	\$0	\$59,950	\$0.00 + 0.00%	\$0
8	\$59,950	\$250,550	\$0.00 + 1.95%	\$59,950
9	\$250,550		\$3,716.70 + 2.50%	\$250,550
10	\$0	\$72,125	\$0.00 + 0.00%	\$0
11	\$72,125	\$271,450	\$0.00 + 1.95%	\$72,125
12	\$271,450		\$3,886.84 + 2.50%	\$271,450
13	e. Estates and trusts.			
14	If North Dakota taxable income is:			
15	Over	Not over	The tax is equal to	Of amount over
16	\$0	\$3,000	\$0.00 + 0.00%	\$0
17	\$3,000	\$10,750	\$0.00 + 1.95%	\$3,000
18	\$10,750		\$151.13 + 2.50%	\$10,750
19	\$0	\$3,600	\$0.00 + 0.00%	\$0
20	\$3,600	\$11,650	\$0.00 + 1.95%	\$3,600
21	\$11,650		\$156.98 + 2.50%	\$11,650
22	f. For an individual who is not a resident of this state for the entire year, or for a			
23	nonresident estate or trust, the tax is equal to the tax otherwise computed under			
24	this subsection multiplied by a fraction in which:			
25	(1) The numerator is the federal adjusted gross income allocable and			
26	apportionable to this state; and			
27	(2) The denominator is the federal adjusted gross income from all sources			
28	reduced by the net income from the amounts specified in subdivisions a and			
29	b of subsection 2.			
30	In the case of married individuals filing a joint return, if one spouse is a resident			
31	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 17. A new subdivision to subsection 1 of section 57-55-10 of the North Dakota Century Code is created and enacted as follows:

If it is owned by an individual who qualifies for the primary residential valuation reduction under section 411 of this Act, to the extent to which the individual is entitled to the reduction.

SECTION 18. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 19. REPEAL. Section 57-02-08.9 of the North Dakota Century Code is repealed.

**SECTION 20. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY
PROPERTY TAX RELIEF FUND - 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, 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, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement of the primary residential taxable valuation reduction and the qualifying agricultural property and commercial property taxable valuation reduction, for the biennium beginning July 1, 2025, and ending June 30, 2027. Of the \$483,400,000, \$310,001,793 is from the general fund pursuant to subsection 1, and \$173,398,207 is from the legacy earnings fund.

SECTION 21. 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 22. EFFECTIVE DATE. Sections ~~1, 2, 4, 5,~~ 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, and 919 of this Act are effective for taxable years beginning after December 31, 2024.

25.1283.01002
Title.

Prepared by the Legislative Council
staff for Representative Hagert
February 6, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1575

Introduced by

Representatives Weisz, Beltz, Dockter, Dressler, Hagert, Headland, Kempenich

Senators Klein, Schaible, Thomas

A BILL for an Act to create and enact ~~three~~two new sections to chapter 54-27, four new sections to chapter 57-02, and a new subdivision to subsection 1 of section 57-55-10 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, primary residence certification, a state reimbursed taxable valuation reduction for primary residential property, ~~and~~ a state reimbursed taxable valuation reduction for agricultural and commercial property owned by resident individuals or entities domiciled in the state, and limitations on true and full valuation increases without voter approval; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, sections 54-27-19.3 and 57-02-01, subsection 15 of section 57-02-08, sections 57-02-08.1, 57-02-08.10, 57-02-14, 57-02-27, and 57-02-27.1, and subsection 2 of section 57-55-10 of the North Dakota Century Code, relating to funds invested by the state investment board, property classifications ~~and~~, the primary residence credit certification and state reimbursement, removal of the farm residence exemption, and valuation of real property exempt from taxation; to repeal ~~section~~sections 21-10-12, 21-10-13, and 57-02-08.9 of the North Dakota Century Code, relating to legacy fund definitions, the legacy earnings fund, and the primary residence credit; to provide an appropriation; to provide for a transfer; to provide an effective date; and to provide an expiration date.

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 ~~21-10-134~~ 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 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 5 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.

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 4 of this Act and all moneys transferred to the fund by the legislative assembly.

SECTION 6. 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.

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

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

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

7 b. Land that was assessed as agricultural property at the time the land was put to
8 use for extraction of oil, natural gas, or subsurface minerals as defined in section
9 38-12-01 must continue to be assessed as agricultural property if the remainder
10 of the surface owner's parcel of property on which the subsurface mineral activity
11 is occurring continues to qualify for assessment as agricultural property under
12 this subsection.

13 2. "Air carrier transportation property" means the operative property of each airline
14 whose property is assessed for taxation purposes pursuant to chapters 57-06 and
15 57-32.

16 3. "Assessed valuation" means fifty percent of the true and full value of property.

17 4. "Centrally assessed property" means all property which is assessed by the state board
18 of equalization under chapters 57-05, 57-06, and 57-32.

19 5. "Commercial property" means all property, or portions of property, not included in the
20 classes of property defined in subsections 1, 4, ~~11~~, and 10, 12, 13, and 14.

21 6. "Credits" means and includes every claim and demand for money or other valuable
22 thing, and every annuity or sum of money receivable at stated periods, due or to
23 become due, and all claims and demands secured by deeds or mortgages, due or to
24 become due.

25 7. "Governing body" means a board of county commissioners, city council, board of city
26 commissioners, school board, or board of education, or the similarly constituted and
27 acting board of any other municipality.

28 8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and
29 every deposit which any person owning the same or holding in trust and residing in
30 this state is entitled to withdraw as money or on demand.

- 1 9. "Municipality" or "taxing district" means a county, city, township, school district, water
2 conservation and flood control district, Garrison Diversion Conservancy District, county
3 park district, joint county park district, irrigation district, park district, rural fire protection
4 district, or any other subdivision of the state empowered to levy taxes.
- 5 10. "Nonprimary residential property" means residential property, or portions of residential
6 property, not included in the class of property defined in subsection 12.
- 7 11. "Person" includes a firm, corporation, or limited liability company.
- 8 ~~11.12.~~ "Primary residential property" means residential property certified as a primary
9 residence under section 27 of this Act.
- 10 13. "Railroad property" means the operating property, including franchises, of each
11 railroad operated in this state, including any electric or other street or interurban
12 railway.
- 13 ~~12.14.~~ "Residential property" means all property, or portions of property, used by an individual
14 or group of individuals as a dwelling, including property upon which a mobile home is
15 located but not including hotel and motel accommodations required to be licensed
16 under chapter 23-09 nor structures providing living accommodations for four or more
17 separate family units nor any tract of land upon which four or more mobile homes are
18 located. The term includes nonprimary residential property and primary residential
19 property.
- 20 ~~13.15.~~ "Taxable valuation" signifies the valuation remaining after deducting exemptions and
21 making other reductions from the original assessed valuation, and is the valuation
22 upon which the rate of levy finally is computed and against which the taxes finally are
23 extended.
- 24 ~~14.16.~~ "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any
25 contiguous quantity of land in the possession of, owned by or recorded as the property
26 of, the same claimant, person, or company.
- 27 ~~15.17.~~ "True and full value" means the value determined by considering the earning or
28 productive capacity, if any, the market value, if any, and all other matters that affect the
29 actual value of the property to be assessed. This shall include, for purposes of arriving
30 at the true and full value of property used for agricultural purposes, farm rentals, soil
31 capability, soil productivity, and soils analysis.

1 ~~46.18.~~ "Unencumbered cash" means the total cash on hand in any fund, less the amount
2 belonging to the fund in closed banks and less the amount of outstanding warrants,
3 bills, accounts, and contracts which are chargeable against the fund.

4 ~~47.19.~~ There shall be a presumption that a unit of land is not a farm unless such unit contains
5 a minimum of ten acres [4.05 hectares], and the taxing authority, in determining
6 whether such presumption shall apply, shall consider such things as the present use,
7 the adaptability to use, and how similar type properties in the immediate area are
8 classified for tax purposes.

9 **SECTION 7.** A new section to chapter 57-02 of the North Dakota Century Code is created
10 and enacted as follows:

11 **Primary residence certification - Eligibility for primary residential property**

12 **classification - Application.**

13 1. To be eligible for a primary residential property classification under this chapter, a
14 primary residence must be certified by the county director of tax equalization as
15 provided in this section.

16 2. A dwelling does not lose its character as a primary residence if the owner of the
17 dwelling does not reside in the primary residence because the individual is confined in
18 a nursing home, hospital, or other care facility, for as long as that confinement lasts
19 and the portion of the primary residence previously occupied by the individual is not
20 rented to another person.

21 3. To be certified as a primary residence and eligible for the primary residential property
22 classification under this chapter, an owner shall sign and file with the tax commissioner
23 an application containing a verified statement of facts establishing the owner's
24 property meets the eligibility requirements to be considered a primary residence under
25 this section as of the date of the application on a form and in the manner prescribed
26 by the tax commissioner.

27 a. For assessments for taxable year 2025 for a primary residence taxed as real
28 estate under this title and assessments for taxable years 2025 and 2026 for a
29 primary residence taxed as a mobile home under chapter 57-55:

30 (1) An application for primary residence certification must be filed by August 1,
31 2025, to request a primary residence certification for:

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

3 (b) Taxable years 2025 and 2026 for a primary residence taxed as a
4 mobile home under chapter 57-55.

5 (2) By October 31, 2025, the tax commissioner shall:

6 (a) Review the applications received under this subdivision and
7 determine which applicants qualify for the primary residence
8 certification; and

9 (b) Provide to each county director of tax equalization a copy of each
10 approved or rejected application received under this subdivision which
11 identifies property located in the county.

12 (3) By November 28, 2025, the county director of tax equalization shall:

13 (a) Notify the applicant of the approval or denial of the application.

14 (b) Adjust the corresponding taxable year classification from a residential
15 classification to the appropriate classification of primary residential
16 property or nonprimary residential property and correct the
17 assessment list to reflect the appropriate classification of the property.

18 b. For assessments for taxable years after 2025 for a primary residence taxed as
19 real estate under this title and assessments after 2026 for a primary residence
20 taxed as a mobile home under chapter 57-55:

21 (1) An application for primary residence certification must be filed by February
22 first of each year after 2025 to request a primary residence certification for:

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

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

28 (2) As soon as practicable after receiving the applications, no later than
29 February twenty-eighth of each year after 2025, the tax department shall:

- 1 (a) Review the applications received under this subdivision and
2 determine which applicants qualify for the primary residence
3 certification; and
4 (b) Provide to each county director of tax equalization a copy of each
5 approved or rejected application received under this subdivision which
6 identifies property located in the county.
7 (3) Within fifteen days of receipt of the applications from the tax department
8 under paragraph 2, no later than March fifteenth of each year after 2025,
9 the county director of tax equalization shall notify the applicant of the
10 approval or denial of the application and reflect the appropriate classification
11 of the property on the assessment list.
12 c. The tax department may request additional documentation from the applicant
13 when making the determination of eligibility.
14 d. Determinations of eligibility under this subsection may be appealed through the
15 informal equalization process and formal abatement process.
16 4. A primary residence certification under this section is valid for the entire taxable year
17 for which the application for certification was approved, without regard to any change
18 of ownership of the property which occurs after the application for certification was
19 approved.
20 5. The tax commissioner shall prescribe, design, and make available all forms necessary
21 to effectuate this section. Application forms must include the full name and address of
22 the applicant and any other information prescribed by the tax commissioner. The
23 county director of tax equalization shall make these forms available to applicants upon
24 request.
25 6. For purposes of this section:
26 a. "Owned" means the individual holds a present ownership interest, including
27 ownership in fee simple, holds a present life estate or other terminable present
28 ownership interest, holds a beneficial interest in a qualifying trust, or is a
29 purchaser under a contract for deed. The term does not include a mere right of
30 occupancy or a tenancy under a lease.

- 1 b. (1) "Primary residence" means a dwelling in this state, including the land,
2 appurtenances, and improvements used in the residential occupancy of the
3 dwelling, which is not exempt from property taxes as a farm residence and,
4 subject to subsection 2 and paragraph 2, as of the assessment date of the
5 taxable year, is:
- 6 (a) Owned by one or more individuals, either directly or through a
7 beneficial interest in a qualifying trust;
8 (b) Designed or adapted for human residence;
9 (c) Used as a residence; and
10 (d) Occupied as a primary place of residence by an owner, an individual
11 who has a life estate in the property, or, for property owned through a
12 beneficial interest in a qualifying trust, by a trustor or beneficiary of the
13 trust who qualifies for the certification.
- 14 (2) For purposes of the term:
- 15 (a) An individual may not have more than one primary residence.
16 (b) A primary residence includes a primary residence taxed as a mobile
17 home under chapter 57-55.
- 18 c. "Qualifying trust" means a trust:
- 19 (1) In which the agreement, will, or court order creating the trust, an instrument
20 transferring property to the trust, or any other agreement that is binding on
21 the trustee provides that the trustor of the trust or a beneficiary of the trust
22 has the right to use and occupy as the trustor's or beneficiary's primary
23 residence rent free and without charge except for taxes and other costs and
24 expenses specified in the instrument or court order:
- 25 (a) For life;
26 (b) For the lesser of life or a term of years; or
27 (c) Until the date the trust is revoked or terminated by an instrument or
28 court order that describes the property with sufficient certainty to
29 identify it and is recorded in the real property records of the county in
30 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 8. AMENDMENT. Subsection 15 of section 57-02-08 of the North Dakota Century Code is amended and reenacted as follows:

15. ~~a.~~—All farm structures and improvements located on agricultural lands.

~~(1)~~a. This subsection must be construed to exempt farm buildings and improvements only, and may not be construed to exempt from taxation industrial plants, or structures of any kind not used or intended for use as a part of a farm plant, or as a farm residence.

~~(2)~~b. "Farm buildings and improvements" includes a greenhouse or other building used primarily for the growing of horticultural or nursery products from seed, cuttings, or roots, if not used on more than an occasional basis for a showroom for the retail sale of horticultural or nursery products. A greenhouse or building used primarily for display and sale of grown horticultural or nursery products is not a farm building or improvement.

~~(3)~~c. Any structure or improvement used primarily in connection with a retail or wholesale business other than farming, any structure or improvement located on platted land within the corporate limits of a city, any structure or improvement used by a manufacturing facility as defined in section 19-24.1-01, or any structure or improvement located on railroad operating property subject to assessment under chapter 57-05 is not exempt under this subsection. For purposes of this paragraph, "business other than farming" includes processing to produce a value-added physical or chemical change in an agricultural commodity beyond the ordinary handling of that commodity by a farmer prior to sale.

(4)d. The following factors may not be considered in application of the exemption under this subsection:

(a)(1) Whether the farmer grows or purchases feed for animals raised on the farm.

(b)(2) Whether animals being raised on the farm are owned by the farmer.

(c)(3) Whether the farm's replacement animals are produced on the farm.

(d)(4) Whether the farmer is engaged in contract feeding of animals on the farm.

~~b. It is the intent of the legislative assembly that this exemption as applied to a residence must be strictly construed and interpreted to exempt only a residence that is situated on a farm and which is occupied or used by a person who is a farmer and that the exemption may not be applied to property which is occupied or used by a person who is not a farmer. For purposes of this subdivision:~~

~~(1) "Farm" means a single tract or contiguous tracts of agricultural land containing a minimum of ten acres [4.05 hectares] and for which the farmer, actually farming the land or engaged in the raising of livestock or other similar operations normally associated with farming and ranching, has annual gross income from farming activities which is sixty-six percent or more of annual gross income, including gross income of a spouse if married, during any of the two preceding calendar years.~~

~~(2) "Farmer" means an individual who normally devotes the major portion of time to the activities of producing products of the soil, with the exception of marijuana grown under chapter 19-24.1; poultry; livestock; or dairy farming in such products' unmanufactured state and has received annual gross income from farming activities which is sixty-six percent or more of annual gross income, including gross income of a spouse if married, during any of the two preceding calendar years. For purposes of this paragraph, "farmer" includes a:~~

~~(a) "Beginning farmer", which means an individual who has begun occupancy and operation of a farm within the two preceding calendar years; who normally devotes the major portion of time to the activities of producing products of the soil, poultry, livestock, or dairy farming in such products' unmanufactured state; and who does not have a~~

history of farm income from farm operation for each of the two preceding calendar years.

(b) "Retired farmer", which means an individual who is retired because of illness or age and who at the time of retirement owned and occupied as a farmer the residence in which the person lives and for which the exemption is claimed.

(c) "Surviving spouse of a farmer", which means the surviving spouse of an individual who is deceased, who at the time of death owned and occupied as a farmer the residence in which the surviving spouse lives and for which the exemption is claimed. The exemption under this subparagraph expires at the end of the fifth taxable year after the taxable year of death of an individual who at the time of death was an active farmer. The exemption under this subparagraph applies for as long as the residence is continuously occupied by the surviving spouse of an individual who at the time of death was a retired farmer.

(3) "Gross income" means gross income as defined under the federal Internal Revenue Code and does not include a gain from the sale or exchange of farm machinery as computed for federal income tax purposes. For purposes of this paragraph, "farm machinery" means all vehicular implements and attachment units designed and sold for direct use in planting, cultivating, or harvesting farm products or used in connection with the production of agricultural produce or products, livestock, or poultry on farms, which are operated, drawn, or propelled by motor or animal power. "Farm machinery" does not include vehicular implements operated wholly by hand or a motor vehicle that is required to be registered under chapter 57-40.3.

(4) "Gross income from farming activities" means gross income from farming as defined for purposes of determining if an individual is a farmer eligible to use the special estimated income tax payment rules for farmers under section 6654 of the federal Internal Revenue Code [26 U.S.C. 6654].

(5) When exemption is claimed under this subdivision for a residence, the occupant of the residence who it is claimed is a farmer shall provide to the

assessor for the year or years specified by the assessor a written statement in which it is stated that sixty-six percent or more of the gross income of that occupant, and spouse if married and both spouses occupy the residence, was, or was not, gross income from farming activities. The individual claiming the exemption also shall provide to the assessor, on a form prescribed by the tax commissioner, the necessary income information to demonstrate eligibility. Any income information provided to the assessor regarding eligibility for an exemption claimed under this subdivision is a confidential record.

(6) For purposes of this subsection, "livestock" includes "nontraditional livestock" as defined in section 36-01-00.1.

(7) A farmer operating a bed and breakfast facility in the farm residence occupied by that farmer is entitled to the exemption under this section for that residence if the farmer and the residence would qualify for exemption under this section except for the use of the residence as a bed and breakfast facility.

SECTION 9. AMENDMENT. Section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

57-02-08.1. Homestead credit.

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.
- b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.
- c. The exemption must be determined according to the following schedule:

(1) If the person's income is not in excess of forty thousand dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of nine thousand dollars of taxable valuation.

(2) If the person's income is in excess of forty thousand dollars and not in excess of seventy thousand dollars, a reduction of fifty percent of the taxable valuation of the person's homestead up to a maximum reduction of four thousand five hundred dollars of taxable valuation.

d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are co-owners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.

e. This subsection does not reduce the liability of any person for special assessments levied upon any property.

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility. Any income information contained in the statement of facts is a confidential record.

g. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.

h. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

2. a. Any person who would qualify for an exemption under subdivisions a and c of subsection 1 except for the fact that the person rents living quarters is eligible for refund of a portion of the person's annual rent deemed by this subsection to constitute the payment of property tax.

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 dollars. If the calculation for the refund is less than five dollars, a minimum of five dollars must be sent to the qualifying applicant.

c. Persons who reside together, as spouses or when one or more is a dependent of another, are entitled to only one refund between or among them under this subsection. Persons who reside together in a rental unit, who are not spouses or dependents, are each entitled to apply for a refund based on the rent paid by that person.

d. Each application for refund under this subsection must be made to the tax commissioner before the first day of June of each year by the person claiming the refund. The tax commissioner may grant an extension of time to file an application for good cause. The tax commissioner shall issue refunds to applicants.

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

f. A person may not receive a refund under this section for a taxable year in which that person received an exemption under subsection 1.

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

4. ~~A person whose homestead is a farm structure exempt from taxation under subsection 15 of section 57-02-08 may not receive any property tax credit under this section.~~

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

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

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

- c. "Income" means income for the most recent complete taxable year from all sources, including the income of any dependent of the applicant, and including any county, state, or federal public assistance benefits, social security, or other retirement benefits, but excluding any federal rent subsidy, any amount excluded from income by federal or state law with the exception of income from social security benefits, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.
- d. "Medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the person may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under section 54-06-09.
- e. "Permanently and totally disabled" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months as established by a certificate from a licensed physician or a written determination of disability from the social security administration or any federal or state agency that has authority to certify an individual's disability.

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 ~~June 30, 2026~~ August 1, 2025)

1. By June first of each year ~~2025~~, the tax commissioner shall:
 - a. Review the applications received under section 57-02-08.9, as it existed on December 31, 2024, and determine which applicants qualify for the credit allowed under section 57-02-08.9, as it existed on December 31, 2024; and
 - b. Provide to each county auditor:
 - (1) A copy of each approved application under subdivision a which identifies a primary residence located in the county; and

1 (2) The sum of the credits allowed under section 57-02-08.9, as it existed on
2 December 31, 2024, in the county for the current taxable year.

3 2. The county auditor shall apply the credit under section 57-02-08.9, as it existed on
4 December 31, 2024, to each primary residence identified by the tax commissioner as
5 a qualifying primary residence on the corresponding property tax statement.

6 3. ~~By January first of each year, the county auditor shall certify to the tax commissioner~~
7 ~~the sum of the credits approved by the tax commissioner under subsection 1 which~~
8 ~~were applied toward property taxes owed on primary residences in the county for the~~
9 ~~preceding year.~~

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

15 ~~5.4.~~ Within fourteen days of receiving the payment from the state treasurer, but no later
16 than June thirtieth of ~~each year after 2024~~2025, the county treasurer shall apportion
17 and distribute the payment to the county and to the taxing districts of the county on the
18 same basis as property taxes for the preceding year were apportioned and distributed.

19 ~~6.5.~~ Supplemental certifications by the county auditor and the tax commissioner and
20 supplemental payments by the state treasurer may be made after the dates prescribed
21 in this section to make corrections necessary because of errors.

22 ~~7.6.~~ The county auditors shall provide information requested by the tax commissioner to
23 effectuate this section.

24 ~~8.7.~~ The tax commissioner shall prescribe, design, and make available all forms necessary
25 to effectuate this section.

26 **SECTION 11.** A new section to chapter 57-02 of the North Dakota Century Code is created
27 and enacted as follows:

28 **Primary residential valuation reduction - Qualification - Certification - State**
29 **reimbursement.**

30 1. A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's parcel of
31 primary residential property as defined under section 57-02-01 equal to three **and**

one-half percent of the assessed value of the parcel of primary residential property.

The reduction under this section must be applied before other credits under this chapter, including the credits under sections 57-02-08.1 and 57-02-08.8, have been applied.

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

3. a. For taxable year 2025:

(1) The county auditor shall apply the reduction under this section to each parcel of primary residential property taxed as real estate under this title on the corresponding tax statement.

(2) The county auditor shall consider an application received under section 27 of this Act for primary residential property certification for a parcel of primary residential property taxed as a mobile home under chapter 57-55 and identified by the tax commissioner as a certified primary residence under section 27 of this Act as an application for an abatement and refund of taxes in an amount consistent with the reduction 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 years after 2025, the county auditor shall apply the reduction under this section to each parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.

4. A reduction under this section is valid for the entire taxable year for which the property is certified as primary residential property, without regard to any change of ownership

1 of the property which occurs after the property was classified as primary residential
2 property for the taxable year.

3 5. This section does not reduce the liability of any individual for special assessments
4 levied upon any property.

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

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

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

17 (2) The legal description of the property;

18 (3) The taxable value of the property;

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

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

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

24 b. Before January fifteenth of each year after 2026, the county auditor of each
25 county shall certify to the tax commissioner, on forms prescribed by the tax
26 commissioner the following information applicable to the taxable year during
27 which the application under section 27 of this Act is filed for primary residential
28 property taxed as real estate under this title and the taxable year succeeding the
29 taxable year during which the application under section 27 of this Act is filed for
30 primary residential property taxed as a mobile home under chapter 57-55:

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

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

- (1) Review the certifications under subdivision a of subsection 7, make any required corrections, and certify to the state treasurer for payment to each county the sum of the amounts computed by:
 - (a) For primary residential valuation reductions for primary residential property taxed as real estate for taxable year 2025, multiplying the reduction allowed for each qualifying parcel of primary residential property taxed as real estate under this title in the county for taxable year 2025 by the total of the tax mill rates for taxable year 2025 of all taxing districts in which the property was located.
 - (b) For primary residential valuation reductions for primary residential property taxed as mobile homes under chapter 57-55 for taxable year 2025, multiplying the reduction allowed for each qualifying parcel of primary residential property taxed as a mobile home under chapter 57-55 in the county for taxable year 2025 by the total of the tax mill rates used to calculate mobile home taxes under chapter 57-55 in taxable year 2025 of all taxing districts in which the property was located.
 - (c) For primary residential valuation reductions for primary residential property taxed as mobile homes under chapter 57-55 for taxable year 2026, multiplying the reduction allowed for each qualifying parcel of

1 primary residential property taxed as a mobile home under chapter
2 57-55 in the county for taxable year 2026 by the total of the tax mill
3 rates used to calculate mobile home taxes under chapter 57-55 in
4 taxable year 2026 of all taxing districts in which the property was
5 located.

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

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

12 (1) Review the certifications under subdivision b of subsection 7, make any
13 required corrections, and certify to the state treasurer for payment to each
14 county the sum of the amounts computed by:

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

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

24 (2) Certify annually to the state treasurer for deposit in the state medical center
25 fund the amount computed by multiplying one mill times the reduction
26 allowed under this section for all eligible parcels of primary residential
27 property in the state for:

28 (a) The taxable year during which the application under section 27 of this
29 Act is filed for primary residential property taxed as real estate under
30 this title.

(b) The taxable year succeeding the taxable year during which the application under section 27 of this Act is filed for primary residential property taxed as a mobile home under chapter 57-55.

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

9. Within fourteen days of receiving the payment from the state treasurer, the county treasurer shall apportion and distribute the payment without delay to the county and to the taxing districts of the county on the same basis property taxes under this chapter and mobile home taxes under chapter 57-55 were apportioned and distributed for the taxable year in which the taxes were levied.

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

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

SECTION 12. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Qualifying agricultural and commercial property valuation reduction - Qualification - Certification - State reimbursement.

1. A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's parcel of qualifying commercial property or qualifying agricultural property as provided in this section. The reduction is equal to:

~~a. For a parcel of qualifying agricultural property, two percent of the assessed value of the parcel.~~

~~b. For a parcel of qualifying commercial property, one and one-half percent of the assessed value of the parcel of qualifying commercial property or qualifying agricultural property.~~

2. The reduction under this section must be applied before other credits under this chapter.

- 1 3. Persons who are co-owners of the property but who are not spouses or dependents
2 each are entitled to a percentage of a full reduction under subsection 1 equal to their
3 ownership interests in the property.
- 4 4. To apply for the reduction under this section, an owner shall sign and file with the tax
5 commissioner by August first of each year an application containing a verified
6 statement of facts establishing the owner's property meets the eligibility requirements
7 to be considered qualifying commercial property or qualifying agricultural property
8 under this section as of the date of the application on a form and in the manner
9 prescribed by the tax commissioner.
- 10 5. By October first of each year, the tax commissioner shall:
 - 11 a. Review the applications received under subsection 4 and determine which
12 applicants qualify for the reduction under this section; and
 - 13 b. Provide to each county director of tax equalization a copy of each approved or
14 rejected application which identifies property located in the county.
- 15 6. The county director of tax equalization shall attach each approved application to the
16 assessment list and list the amount of the reduction allowed on the assessment list.
- 17 7. The tax department may request additional documentation from the applicant when
18 making the determination of eligibility.
- 19 8. If an applicant is found to have claimed a reduction fraudulently under this section to
20 which that applicant is not entitled, all reductions under this section for that applicant
21 for that taxable year must be canceled. If an applicant received a reduction that is
22 canceled under this section, the auditor of the county in which the property is located
23 shall enter the amount of the canceled reduction as omitted property on the
24 assessment list of property that has escaped taxation.
- 25 9. Determinations of eligibility for a reduction under this section may be appealed through
26 the equalization and abatement process.
- 27 10. The county auditor shall apply the reduction under this section to each parcel of
28 qualifying commercial property or qualifying agricultural property on the corresponding
29 property tax statement.

- 1 11. A reduction under this section is valid for the entire taxable year for which the claim
2 was approved, without regard to any change of ownership of the property which
3 occurs after the claim was approved for the taxable year.
- 4 12. This section does not reduce the liability of any owner for special assessments levied
5 upon any property.
- 6 13. A reduction of taxable valuation under this section may not be applied to reduce the
7 taxable valuation used for purposes of determining the amount subtracted from a
8 school district's state aid payment under subdivision a of subsection 4 of section
9 15.1-27-04.1.
- 10 14. Before January fifteenth of each year after 2025, the county auditor of each county
11 shall certify to the tax commissioner, on forms prescribed by the tax commissioner, the
12 following information:
- 13 a. The full name, address, and social security or taxpayer identification number of
14 each individual or entity for whom the reduction under this section was allowed
15 for the preceding taxable year;
- 16 b. The legal description of the property;
- 17 c. The taxable value of the property;
- 18 d. The dollar amount of each reduction in taxable value allowed;
- 19 e. The total of the tax mill rates used to calculate taxes for the preceding year of all
20 taxing districts in which the property was contained, exclusive of any state mill
21 rates; and
- 22 f. Any other information prescribed by the tax commissioner.
- 23 15. By March fifteenth of each year after 2025, the tax commissioner shall:
- 24 a. Review the certifications under subsection 14, make any required corrections,
25 and certify to the state treasurer for payment to each county the sum of the
26 amounts computed by multiplying the reduction allowed for each parcel of
27 qualifying agricultural property and qualifying commercial property in the county
28 for the preceding year by the total of the tax mill rates for the preceding year of all
29 taxing districts in which the property was located.
- 30 b. Certify annually to the state treasurer for deposit in the state medical center fund
31 the amount computed by multiplying one mill times the reduction allowed under

1 this section for all parcels of qualifying agricultural property and qualifying
2 commercial property in the state for the preceding taxable year.

3 16. In reviewing certifications, the tax commissioner may refer to any income tax return
4 information or other information available to the tax commissioner.

5 17. Within fourteen days of receiving the payment from the state treasurer, the county
6 treasurer shall apportion and distribute the payment without delay to the county and to
7 the taxing districts of the county on the same basis property taxes under this chapter
8 were apportioned and distributed for the preceding taxable year.

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

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

19 20. For purposes of this section:

20 a. "Domicile" has the meaning provided under section 47-30.2-01.

21 b. "Owned" means an individual or entity holds a present ownership interest,
22 including ownership in fee simple, holds a present life estate or other terminable
23 present ownership interest, or is a purchaser under a contract for deed. The term
24 does not include a mere right of occupancy or a tenancy under a lease.

25 c. "Qualifying agricultural property" means agricultural property, as defined under
26 section 57-02-01, which is owned by an individual who is a resident of the state
27 or an entity that is domiciled in the state.

28 d. "Qualifying commercial property" means commercial property, as defined under
29 section 57-02-01, which is owned by an individual who is a resident of the state
30 or an entity that is domiciled in the state.

SECTION 13. AMENDMENT. Section 57-02-14 of the North Dakota Century Code is amended and reenacted as follows:

57-02-14. Valuation of real property exempt from taxation.

1. At the time of making the assessment of real property, the assessor shall enter in a separate list each description of property exempt by law and shall value it in the same manner as other property, designating in each case to whom ~~such~~the property belongs and for what purpose used. ~~This section does~~

2. The requirements under subsection 1 do not apply to the following property exempt from property taxes by law:

a. Property of the United States;

b. Property of this state; or a political subdivision of this state~~or farm; and~~

c. Farm buildings~~or, excluding farm residences-exempt from property taxes by law.~~

SECTION 14. 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~~resulting from the calculation under subsection 1 are known as 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 15. 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 16. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Limitation on true and full valuation increases.

1. Notwithstanding any other provision of law, the true and full valuation on any parcel of taxable property may not exceed by more than three percent the amount of the true and full valuation on that parcel of taxable property in the preceding taxable year, except to the extent improvements to the property have been made which were not included in the true and full valuation of the property in the preceding taxable year. The limitation in this section applies regardless of a sale, transfer, or other change in ownership of the property.
2. True and full valuations exceeding the limitations under subsection 1 may be imposed upon approval of a ballot measure, stating the proposed maximum allowable percentage increase in true and full valuation, by a majority of the qualified electors of the taxing district voting on the question at a statewide general or primary election. True and full valuations exceeding the limitations under subsection 1 may be approved by electors for not more than four taxable years at a time.
3. A city or county may not supersede or modify the application of this section under home rule authority.

SECTION 17. A new subdivision to subsection 1 of section 57-55-10 of the North Dakota Century Code is created and enacted as follows:

If it is owned by an individual who qualifies for the primary residential valuation reduction under section 411 of this Act, to the extent to which the individual is entitled to the reduction.

SECTION 18. AMENDMENT. Subsection 2 of section 57-55-10 of the North Dakota Century Code is amended and reenacted as follows:

2. This chapter does not apply to a mobile home that:
 - a. Is used only for the temporary living quarters of the owner or other occupant while the person is engaged in recreational or vacation activities, provided the unit:
 - (1) Displays a current travel trailer license; or

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

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

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

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

SECTION 19. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 20. REPEAL. Section 57-02-08.9 of the North Dakota Century Code is repealed.

**SECTION 21. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY
PROPERTY TAX RELIEF FUND - TAX COMMISSIONER.**

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$85,001,793 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 or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement of the primary residential taxable valuation reduction and qualifying agricultural and commercial property taxable valuation reduction, for the biennium beginning July 1, 2025, and ending June 30, 2027. Of the \$483,400,000, \$85,001,793 is from the general fund pursuant to subsection 1, and \$398,398,207 is from the legacy earnings fund.

SECTION 22. EFFECTIVE DATE. Sections ~~1, 2, 4, 5,~~ 6, 7, 8, 11, 12, 14, 15, 16, 17, and ~~9~~20 of this Act are effective for taxable years beginning after December 31, 2024. Sections 8, 9, and 18 of this Act are effective for taxable years beginning after December 31, 2025.

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1575
2/12/2025

Relating to the primary residence credit; to provide an effective date; and to provide an expiration date.

2:49 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 amendment
- Income tax

2:49 p.m. Representative Dockter proposed an amendment to strike primary residency definitions LC #25.1283.01007, testimony #37446.

2:53 p.m. Representative Dressler made a motion to reconsider the bill.

2:53 p.m. Representative J. Olson seconded the motion.

2:54 p.m. Voice vote - motion passed.

2:55 p.m. Representative Dockter moved to strip previous amendment to change renters refund from \$400 to \$600, to give 15% tax deduction to commercial and agricultural land, and 40% tax reduction to primary residency; amendment .01004 submitted as testimony #36816.

2:55 p.m. Representative Porter seconded the motion.

2:55 p.m. Voice vote - motion passed.

2:55 p.m. Representative Dockter moved to adopt proposed amendment LC #25.1283.01008.

2:56 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	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	Y
Representative Zachary Ista	Y

3:04 p.m. Motion passed 14-0-0.

3:04 p.m. Representative J. Olson moved a Do Pass as Amended and rereferred to Appropriations.

3:04 p.m. Representative Hagert 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	Y
Representative Austin Foss	Y
Representative Zachary Ista	Y

3:05 p.m. Motion passed 13-1-0.

3:05 p.m. Representative Dockter will carry the bill.

3:05 p.m. Chairman Headland closed the meeting.

Janae Pinks, Committee Clerk

February 12, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1575

Introduced by

Representatives Weisz, Beltz, Dockter, Dressler, Hagert, Headland, Kempenich

Senators Klein, Schaible, Thomas

1 A BILL for an Act to create and enact ~~three~~two new sections to chapter 54-27, two new sections
2 to chapter 57-02, and a new subdivision to subsection 1 of section 57-55-10 of the North
3 Dakota Century Code, relating to ~~primary residence certification, a state reimbursed taxable~~
4 ~~valuation reduction for primary residential property, and~~a legacy earnings fund, a legacy
5 property tax relief fund, a state reimbursed taxable valuation reduction for residential,
6 agricultural, and commercial property ~~owned by resident individuals or entities domiciled in the~~
7 ~~state, and limitations on taxable valuation increases without voter approval~~; to amend and
8 reenact ~~sections 57-02-01~~section 6-09.4-10.1, subsection 1 of section 21-10-06, section
9 54-27-19.3, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of
10 section 57-02-08.1, and section 57-02-08.10, 57-02-27, and 57-02-27.1 of the North Dakota
11 Century Code, relating to ~~property classifications and~~funds invested by the state investment
12 board, the homestead tax credit and renters refund, and the primary residence credit
13 certification and state reimbursement; to repeal ~~section~~sections 21-10-12, 21-10-13, and
14 57-02-08.9 of the North Dakota Century Code, relating to legacy fund definitions, the legacy
15 earnings fund, and the primary residence credit; to provide an appropriation; to provide for a
16 transfer; to provide an effective date; and to provide an expiration date.

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

~~SECTION 1. 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~~

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1 ~~is occurring continues to qualify for assessment as agricultural property under~~
2 ~~this subsection.~~

3 ~~2. "Air carrier transportation property" means the operative property of each airline~~
4 ~~whose property is assessed for taxation purposes pursuant to chapters 57-06 and~~
5 ~~57-32.~~

6 ~~3. "Assessed valuation" means fifty percent of the true and full value of property.~~

7 ~~4. "Centrally assessed property" means all property which is assessed by the state board~~
8 ~~of equalization under chapters 57-05, 57-06, and 57-32.~~

9 ~~5. "Commercial property" means all property, or portions of property, not included in the~~
10 ~~classes of property defined in subsections 1, 4, 11, and 10, 12, 13, and 14.~~

11 ~~6. "Credits" means and includes every claim and demand for money or other valuable~~
12 ~~thing, and every annuity or sum of money receivable at stated periods, due or to~~
13 ~~become due, and all claims and demands secured by deeds or mortgages, due or to~~
14 ~~become due.~~

15 ~~7. "Governing body" means a board of county commissioners, city council, board of city~~
16 ~~commissioners, school board, or board of education, or the similarly constituted and~~
17 ~~acting board of any other municipality.~~

18 ~~8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and~~
19 ~~every deposit which any person owning the same or holding in trust and residing in~~
20 ~~this state is entitled to withdraw as money or on demand.~~

21 ~~9. "Municipality" or "taxing district" means a county, city, township, school district, water~~
22 ~~conservation and flood control district, Garrison Diversion Conservancy District, county~~
23 ~~park district, joint county park district, irrigation district, park district, rural fire protection~~
24 ~~district, or any other subdivision of the state empowered to levy taxes.~~

25 ~~10. "Nonprimary residential property" means residential property, or portions of residential~~
26 ~~property, not included in the class of property defined in subsection 12.~~

27 ~~11. "Person" includes a firm, corporation, or limited liability company.~~

28 ~~11.12. "Primary residential property" means residential property certified as a primary~~
29 ~~residence under section 2 of this Act.~~

1 ~~13.~~ "Railroad property" means the operating property, including franchises, of each
2 railroad operated in this state, including any electric or other street or interurban
3 railway.

4 ~~12.14.~~ "Residential property" means all property, or portions of property, used by an individual
5 or group of individuals as a dwelling, including property upon which a mobile home is
6 located but not including hotel and motel accommodations required to be licensed
7 under chapter 23-09 nor structures providing living accommodations for four or more
8 separate family units nor any tract of land upon which four or more mobile homes are
9 located. The term includes nonprimary residential property and primary residential
10 property.

11 ~~13.15.~~ "Taxable valuation" signifies the valuation remaining after deducting exemptions and
12 making other reductions from the original assessed valuation, and is the valuation
13 upon which the rate of levy finally is computed and against which the taxes finally are
14 extended.

15 ~~14.16.~~ "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any
16 contiguous quantity of land in the possession of, owned by or recorded as the property
17 of, the same claimant, person, or company.

18 ~~15.17.~~ "True and full value" means the value determined by considering the earning or
19 productive capacity, if any, the market value, if any, and all other matters that affect the
20 actual value of the property to be assessed. This shall include, for purposes of arriving
21 at the true and full value of property used for agricultural purposes, farm rentals, soil
22 capability, soil productivity, and soils analysis.

23 ~~16.18.~~ "Unencumbered cash" means the total cash on hand in any fund, less the amount
24 belonging to the fund in closed banks and less the amount of outstanding warrants,
25 bills, accounts, and contracts which are chargeable against the fund.

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~~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 2. 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. For assessments for taxable year 2025 for a primary residence taxed as real estate under this title and assessments for taxable years 2025 and 2026 for a primary residence taxed as a mobile home under chapter 57-55:~~

~~(1) An application for primary residence certification must be filed by August 1, 2025, to request a primary residence certification for:~~

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

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

~~(2) By October 31, 2025, the tax commissioner shall:~~

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- 1 ~~(a) Review the applications received under this subdivision and~~
- 2 ~~determine which applicants qualify for the primary residence~~
- 3 ~~certification; and~~
- 4 ~~(b) Provide to each county director of tax equalization a copy of each~~
- 5 ~~approved or rejected application received under this subdivision which~~
- 6 ~~identifies property located in the county.~~
- 7 ~~(3) By November 28, 2025, the county director of tax equalization shall:~~
- 8 ~~(a) Notify the applicant of the approval or denial of the application.~~
- 9 ~~(b) Adjust the corresponding taxable year classification from a residential~~
- 10 ~~classification to the appropriate classification of primary residential~~
- 11 ~~property or nonprimary residential property and correct the~~
- 12 ~~assessment list to reflect the appropriate classification of the property.~~
- 13 ~~b. For assessments for taxable years after 2025 for a primary residence taxed as~~
- 14 ~~real estate under this title and assessments after 2026 for a primary residence~~
- 15 ~~taxed as a mobile home under chapter 57-55:~~
- 16 ~~(1) An application for primary residence certification must be filed by February~~
- 17 ~~first of each year after 2025 to request a primary residence certification for:~~
- 18 ~~(a) The taxable year during which the application is filed for a primary~~
- 19 ~~residence taxed as real estate under this title.~~
- 20 ~~(b) The taxable year succeeding the taxable year during which the~~
- 21 ~~application is filed for a primary residence taxed as a mobile home~~
- 22 ~~under chapter 57-55.~~
- 23 ~~(2) As soon as practicable after receiving the applications, no later than~~
- 24 ~~February twenty eighth of each year after 2025, the tax department shall:~~
- 25 ~~(a) Review the applications received under this subdivision and~~
- 26 ~~determine which applicants qualify for the primary residence~~
- 27 ~~certification; and~~
- 28 ~~(b) Provide to each county director of tax equalization a copy of each~~
- 29 ~~approved or rejected application received under this subdivision which~~
- 30 ~~identifies property located in the county.~~

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- 1 ~~(3) Within fifteen days of receipt of the applications from the tax department~~
2 ~~under paragraph 2, no later than March fifteenth of each year after 2025,~~
3 ~~the county director of tax equalization shall notify the applicant of the~~
4 ~~approval or denial of the application and reflect the appropriate classification~~
5 ~~of the property on the assessment list.~~
- 6 ~~c. The tax department may request additional documentation from the applicant~~
7 ~~when making the determination of eligibility.~~
- 8 ~~d. Determinations of eligibility under this subsection may be appealed through the~~
9 ~~informal equalization process and formal abatement process.~~
- 10 ~~4. A primary residence certification under this section is valid for the entire taxable year~~
11 ~~for which the application for certification was approved, without regard to any change~~
12 ~~of ownership of the property which occurs after the application for certification was~~
13 ~~approved.~~
- 14 ~~5. The tax commissioner shall prescribe, design, and make available all forms necessary~~
15 ~~to effectuate this section. Application forms must include the full name and address of~~
16 ~~the applicant and any other information prescribed by the tax commissioner. The~~
17 ~~county director of tax equalization shall make these forms available to applicants upon~~
18 ~~request.~~
- 19 ~~6. For purposes of this section:~~
- 20 ~~a. "Owned" means the individual holds a present ownership interest, including~~
21 ~~ownership in fee simple, holds a present life estate or other terminable present~~
22 ~~ownership interest, holds a beneficial interest in a qualifying trust, or is a~~
23 ~~purchaser under a contract for deed. The term does not include a mere right of~~
24 ~~occupancy or a tenancy under a lease.~~
- 25 ~~b. (1) "Primary residence" means a dwelling in this state, including the land,~~
26 ~~appurtenances, and improvements used in the residential occupancy of the~~
27 ~~dwelling, which is not exempt from property taxes as a farm residence and,~~
28 ~~subject to subsection 2 and paragraph 2, as of the assessment date of the~~
29 ~~taxable year, is:~~
- 30 ~~(a) Owned by one or more individuals, either directly or through a~~
31 ~~beneficial interest in a qualifying trust;~~

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

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

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

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

8 There is created in the state treasury the legacy sinking and interest fund. The fund consists
9 of all moneys deposited in the fund under section ~~21-10-134~~ of this Act. Moneys in the fund may
10 be spent by the public finance authority pursuant to legislative appropriations to meet the debt
11 service requirements for evidences of indebtedness issued by the authority for transfer to the
12 Bank of North Dakota for allocations to infrastructure projects and programs.

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

15 1. Subject to the provisions of section 21-10-02, the board shall invest the following
16 funds:

- 17 a. State bonding fund.
18 b. Teachers' fund for retirement.
19 c. State fire and tornado fund.
20 d. Workforce safety and insurance fund.
21 e. Public employees retirement system.
22 f. Insurance regulatory trust fund.
23 g. State risk management fund.
24 h. Budget stabilization fund.
25 i. Water projects stabilization fund.
26 j. Health care trust fund.
27 k. Cultural endowment fund.
28 l. Petroleum tank release compensation fund.
29 m. Legacy fund.
30 n. ~~Legacy earnings fund.~~
31 ~~o. Opioid settlement fund.~~

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~~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 ~~21-10-134~~ 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:

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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 5 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.

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 4 of this Act and all moneys transferred to the fund by the legislative assembly.

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 thousand~~ 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 thousand~~ fifty thousand dollars and not in excess of ~~seventy thousand~~ 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 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

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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 57-02-08.10 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~~ August 1, 2025)

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

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1 the aggregate dollar amount of credits allowed under section 57-02-08.9, as it existed
2 on December 31, 2024, in each county for the preceding year.

3 ~~5.4.~~ Within fourteen days of receiving the payment from the state treasurer, but no later
4 than June thirtieth of ~~each year after 2024~~2025, the county treasurer shall apportion
5 and distribute the payment to the county and to the taxing districts of the county on the
6 same basis as property taxes for the preceding year were apportioned and distributed.

7 ~~6.5.~~ Supplemental certifications by the county auditor and the tax commissioner and
8 supplemental payments by the state treasurer may be made after the dates prescribed
9 in this section to make corrections necessary because of errors.

10 ~~7.6.~~ The county auditors shall provide information requested by the tax commissioner to
11 effectuate this section.

12 ~~8.7.~~ The tax commissioner shall prescribe, design, and make available all forms necessary
13 to effectuate this section.

14 ~~SECTION 4. A new section to chapter 57-02 of the North Dakota Century Code is created~~
15 ~~and enacted as follows:~~

16 ~~Primary residential valuation reduction - Qualification - Certification - State~~
17 ~~reimbursement.~~

18 ~~1. A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's parcel of~~
19 ~~primary residential property as defined under section 57-02-01 equal to three percent~~
20 ~~of the assessed value of the parcel of primary residential property. The reduction~~
21 ~~under this section must be applied before other credits under this chapter, including~~
22 ~~the credits under sections 57-02-08.1 and 57-02-08.8, have been applied.~~

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

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

27 ~~(1) The county auditor shall apply the reduction under this section to each~~
28 ~~parcel of primary residential property taxed as real estate under this title on~~
29 ~~the corresponding tax statement.~~

30 ~~(2) The county auditor shall consider an application received under section 2 of~~
31 ~~this Act for primary residential property certification for a parcel of primary~~

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- 1 residential property taxed as a mobile home under chapter 57-55 and
2 identified by the tax commissioner as a certified primary residence under
3 section 2 of this Act as an application for an abatement and refund of taxes
4 in an amount consistent with the reduction allowed. The county auditor shall
5 present the application for abatement and refund of taxes to the board of
6 county commissioners at its next regular meeting. The county
7 commissioners shall approve the applications filed under this paragraph as
8 soon as practicable and refunds must be issued without delay according to
9 the procedures in section 57-23-09. The application, notice, and hearing
10 requirements and procedures under chapter 57-23 and sections 57-55-04.1
11 and 57-55-12 do not apply to an application for abatement and refund filed
12 under this paragraph.
- 13 ~~b.~~ For taxable years after 2025, the county auditor shall apply the reduction under
14 this section to each parcel of primary residential property on the corresponding
15 property tax statement or mobile home tax statement.
- 16 ~~4.~~ A reduction under this section is valid for the entire taxable year for which the property
17 is certified as primary residential property, without regard to any change of ownership
18 of the property which occurs after the property was classified as primary residential
19 property for the taxable year.
- 20 ~~5.~~ This section does not reduce the liability of any individual for special assessments
21 levied upon any property.
- 22 ~~6.~~ A reduction of taxable valuation under this section may not be applied to reduce the
23 taxable valuation used for purposes of determining the amount subtracted from a
24 school district's state aid payment under subdivision a of subsection 4 of section
25 15.1-27-04.1.
- 26 ~~7.~~ a. Before January 15, 2026, the county auditor of each county shall certify to the tax
27 commissioner, on forms prescribed by the tax commissioner the following
28 information applicable to taxable year 2025 for primary residential property taxed
29 as real estate under this title and taxable years 2025 and 2026 for primary
30 residential property taxed as a mobile home under chapter 57-55:

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

4 ~~(2) The legal description of the property;~~

5 ~~(3) The taxable value of the property;~~

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

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

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

11 ~~b. Before January fifteenth of each year after 2026, the county auditor of each~~
12 ~~county shall certify to the tax commissioner, on forms prescribed by the tax~~
13 ~~commissioner the following information applicable to the taxable year during~~
14 ~~which the application under section 2 of this Act is filed for primary residential~~
15 ~~property taxed as real estate under this title and the taxable year succeeding the~~
16 ~~taxable year during which the application under section 2 of this Act is filed for~~
17 ~~primary residential property taxed as a mobile home under chapter 57-55:~~

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

21 ~~(2) The legal description of the property;~~

22 ~~(3) The taxable value of the property;~~

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

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

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

28 ~~8. a. By March 15, 2026, the tax commissioner shall:~~

29 ~~(1) Review the certifications under subdivision a of subsection 7, make any~~
30 ~~required corrections, and certify to the state treasurer for payment to each~~
31 ~~county the sum of the amounts computed by:~~

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- 1 ~~(a) For primary residential valuation reductions for primary residential~~
2 ~~property taxed as real estate for taxable year 2025, multiplying the~~
3 ~~reduction allowed for each qualifying parcel of primary residential~~
4 ~~property taxed as real estate under this title in the county for taxable~~
5 ~~year 2025 by the total of the tax mill rates for taxable year 2025 of all~~
6 ~~taxing districts in which the property was located.~~
- 7 ~~(b) For primary residential valuation reductions for primary residential~~
8 ~~property taxed as mobile homes under chapter 57-55 for taxable year~~
9 ~~2025, multiplying the reduction allowed for each qualifying parcel of~~
10 ~~primary residential property taxed as a mobile home under chapter~~
11 ~~57-55 in the county for taxable year 2025 by the total of the tax mill~~
12 ~~rates used to calculate mobile home taxes under chapter 57-55 in~~
13 ~~taxable year 2025 of all taxing districts in which the property was~~
14 ~~located.~~
- 15 ~~(c) For primary residential valuation reductions for primary residential~~
16 ~~property taxed as mobile homes under chapter 57-55 for taxable year~~
17 ~~2026, multiplying the reduction allowed for each qualifying parcel of~~
18 ~~primary residential property taxed as a mobile home under chapter~~
19 ~~57-55 in the county for taxable year 2026 by the total of the tax mill~~
20 ~~rates used to calculate mobile home taxes under chapter 57-55 in~~
21 ~~taxable year 2026 of all taxing districts in which the property was~~
22 ~~located.~~
- 23 ~~(2) Certify to the state treasurer for deposit in the state medical center fund the~~
24 ~~amount computed by multiplying one mill times the reduction allowed under~~
25 ~~this section for primary residential property taxed as real estate for taxable~~
26 ~~year 2025 and primary residential property taxed as mobile homes under~~
27 ~~chapter 57-55 for taxable years 2025 and 2026.~~
- 28 ~~b. By March fifteenth of each year after 2026, the tax commissioner shall:~~
29 ~~(1) Review the certifications under subdivision b of subsection 7, make any~~
30 ~~required corrections, and certify to the state treasurer for payment to each~~
31 ~~county the sum of the amounts computed by:~~

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- 1 ~~(a) Multiplying the reduction allowed for each qualifying parcel of primary~~
- 2 ~~residential property taxed as real estate under this title in the county~~
- 3 ~~for the preceding year by the total of the tax mill rates for the~~
- 4 ~~preceding year of all taxing districts in which the property was located.~~
- 5 ~~(b) Multiplying the reduction allowed for each qualifying parcel of primary~~
- 6 ~~residential property taxed as a mobile home under chapter 57-55 in~~
- 7 ~~the county for the current year by the total of the tax mill rates used to~~
- 8 ~~calculate mobile home taxes under chapter 57-55 for the current~~
- 9 ~~taxable year of all taxing districts in which the property was located.~~
- 10 ~~(2) Certify annually to the state treasurer for deposit in the state medical center~~
- 11 ~~fund the amount computed by multiplying one mill times the reduction~~
- 12 ~~allowed under this section for all eligible parcels of primary residential~~
- 13 ~~property in the state for:~~
- 14 ~~(a) The taxable year during which the application under section 2 of this~~
- 15 ~~Act is filed for primary residential property taxed as real estate under~~
- 16 ~~this title.~~
- 17 ~~(b) The taxable year succeeding the taxable year during which the~~
- 18 ~~application under section 2 of this Act is filed for primary residential~~
- 19 ~~property taxed as a mobile home under chapter 57-55.~~
- 20 ~~c. In reviewing certifications, the tax commissioner may refer to any income tax~~
- 21 ~~return information or other information available to the tax commissioner.~~
- 22 ~~9. Within fourteen days of receiving the payment from the state treasurer, the county~~
- 23 ~~treasurer shall apportion and distribute the payment without delay to the county and to~~
- 24 ~~the taxing districts of the county on the same basis property taxes under this chapter~~
- 25 ~~and mobile home taxes under chapter 57-55 were apportioned and distributed for the~~
- 26 ~~taxable year in which the taxes were levied.~~
- 27 ~~10. Supplemental certifications by the county auditor and the tax commissioner and~~
- 28 ~~supplemental payments by the state treasurer may be made after the dates prescribed~~
- 29 ~~in this section to make any corrections necessary because of errors or approval of any~~
- 30 ~~application for equalization or abatement filed by an individual or entity because all or~~
- 31 ~~part of the reduction under this section was not allowed.~~

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~~11. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.~~

SECTION 9. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Qualifying Residential, agricultural, and commercial property valuation reduction - Qualification - Certification - State reimbursement.

1. A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's ~~parcel of~~ qualifying residential property, agricultural property, or commercial property ~~or~~ qualifying agricultural property as provided in this section. The reduction is equal to:
 - a. For ~~a parcel of qualifying agricultural~~ residential property, two and three-fourths percent of the assessed value of the ~~parcel~~ property.
 - b. For ~~a parcel of qualifying agricultural~~ property and commercial property, one and one-half percent of the assessed value of the ~~parcel~~ property.
2. The reduction under this section must be applied before other credits under this chapter.
3. Persons who are co-owners of the property but who are not spouses or dependents each are entitled to a percentage of a full reduction under subsection 1 equal to their ownership interests in the property.
4. ~~To apply for the reduction under this section, an owner shall sign and file with the tax commissioner by August first of each year an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered qualifying commercial property or qualifying agricultural property under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.~~
5. ~~By October first of each year, the tax commissioner shall:~~
 - a. ~~Review the applications received under subsection 4 and determine which applicants qualify for the reduction under this section; and~~
 - b. ~~Provide to each county director of tax equalization a copy of each approved or rejected application which identifies property located in the county.~~

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- 1 ~~6.~~ The county director of tax equalization shall attach each approved application to the
- 2 assessment list and list the amount of the reduction allowed on the assessment list.
- 3 ~~7.~~ The tax department may request additional documentation from the applicant when
- 4 making the determination of eligibility.
- 5 ~~8.~~ If an applicant is found to have claimed a reduction fraudulently under this section to
- 6 which that applicant is not entitled, all reductions under this section for that applicant
- 7 for that taxable year must be canceled. If an applicant received a reduction that is
- 8 canceled under this section, the auditor of the county in which the property is located
- 9 shall enter the amount of the canceled reduction as omitted property on the
- 10 assessment list of property that has escaped taxation.
- 11 ~~9.~~ Determinations of eligibility for a reduction under this section may be appealed through
- 12 the equalization and abatement process.
- 13 ~~10.5.~~ The county auditor shall apply the reduction under this section to each parcel of
- 14 qualifying commercial property or qualifying agricultural property on the corresponding
- 15 property tax or mobile home tax statement.
- 16 ~~11.~~ A reduction under this section is valid for the entire taxable year for which the claim
- 17 was approved, without regard to any change of ownership of the property which
- 18 occurs after the claim was approved for the taxable year.
- 19 ~~12.6.~~ This section does not reduce the liability of any owner for special assessments levied
- 20 upon any property.
- 21 ~~13.7.~~ A reduction of taxable valuation under this section may not be applied to reduce the
- 22 taxable valuation used for purposes of determining the amount subtracted from a
- 23 school district's state aid payment under subdivision a of subsection 4 of section
- 24 15.1-27-04.1.
- 25 ~~14.8.~~ Before January fifteenth of each year after 2025, the county auditor of each county
- 26 shall certify to the tax commissioner, on forms prescribed by the tax commissioner, the
- 27 following information applicable to the preceding taxable year for property taxed as
- 28 real estate under this title and the current taxable year for property taxed as a mobile
- 29 home under chapter 57-55:

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

11 15.9. By March fifteenth of each year after 2025, the tax commissioner shall:

- 12 a. Review the certifications under subsection 148, make any required corrections,
- 13 and certify to the state treasurer for payment to each county the sum of the
- 14 amounts computed by multiplying:
- 15 (1) Multiplying the reduction allowed for each parcel of ~~qualifying~~residential
- 16 property, agricultural property, and ~~qualifying~~ commercial property taxed as
- 17 real estate under this title in the county for the preceding taxable year by the
- 18 total of the tax mill rates for the preceding taxable year of all taxing districts
- 19 in which the property was located.
- 20 (2) Multiplying the reduction allowed for each parcel of residential property and
- 21 commercial property taxed as a mobile home under chapter 57-55 in the
- 22 county for the current taxable year by the total of the tax mill rates used to
- 23 calculate mobile home taxes under chapter 57-55 for the current taxable
- 24 year of all taxing districts in which the property was located.
- 25 b. Certify annually to the state treasurer for deposit in the state medical center fund
- 26 the amount computed by multiplying one mill times the reduction allowed under
- 27 this section for all parcels of ~~qualifying~~residential property, agricultural property,
- 28 and ~~qualifying~~ commercial property in the state for the:
- 29 (1) The preceding taxable year for property taxed as real estate under this title.
- 30 (2) The current taxable year for property taxed as a mobile home under chapter
- 31 57-55.

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~~16. In reviewing certifications, the tax commissioner may refer to any income tax return information or other information available to the tax commissioner.~~

17.10. Within fourteen days of receiving the payment from the state treasurer, the county treasurer shall apportion and distribute the payment without delay to the county and to the taxing districts of the county on the same basis property taxes under this chapter and mobile home taxes under chapter 57-55 were apportioned and distributed for the preceding taxable year in which the taxes were levied.

~~18.11. Supplemental certifications by the county auditor and the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make any corrections necessary because of errors or approval of any application for equalization or abatement filed by an individual or entity because all or part of the reduction under this section was not allowed.~~

~~19.12. 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.~~

20.13. For purposes of this section:

a. ~~"Domicile" has the meaning provided under section 47-30-2-01~~ "Commercial property" means commercial property as defined under section 57-02-01 and mobile homes used for commercial purposes and taxed under chapter 57-55.

b. ~~"Owned" means an individual or entity holds a present ownership interest, including ownership in fee simple, holds a present life estate or other terminable present ownership interest, 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.~~

~~c. "Qualifying agricultural property" means agricultural property, as defined under section 57-02-01, which is owned by an individual who is a resident of the state or an entity that is domiciled in the state.~~

~~d. "Qualifying commercial property" means commercial property, as defined under section 57-02-01, which is owned by an individual who is a resident of the state or an entity that is domiciled in the state~~ "Residential property" means residential

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property as defined under section 57-02-01 and mobile homes used for
residential purposes and taxed under chapter 57-55.

~~SECTION 6. 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 resulting from the calculation under subsection 1 are
known as 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 8. 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. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Limitation on taxable valuation increases.

1. Notwithstanding any other provision of law, the taxable valuation on any parcel of taxable property may not exceed by more than three percent the amount of the taxable valuation on that parcel of taxable property in the preceding taxable year, except to the extent improvements to the property have been made which were not included in the taxable valuation of the property in the preceding taxable year. The limitation in this section applies regardless of a sale, transfer, or other change in ownership of the property.

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2. Taxable valuations exceeding the limitations under subsection 1 may be imposed upon approval of a ballot measure, stating the proposed maximum allowable percentage increase in taxable valuation, by a majority of the qualified electors of the taxing district voting on the question at a statewide general or primary election. Taxable valuations exceeding the limitations under subsection 1 may be approved by electors for not more than six taxable years at a time.

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

SECTION 11. A new subdivision to subsection 1 of section 57-55-10 of the North Dakota Century Code is created and enacted as follows:

If it is owned by ~~an individual who~~ a taxpayer that qualifies for the ~~primary residential~~ valuation reduction under section 49 of this Act, to the extent to which the ~~individual taxpayer~~ is entitled to the reduction.

SECTION 12. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 13. REPEAL. Section 57-02-08.9 of the North Dakota Century Code is repealed.

**SECTION 14. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY
PROPERTY TAX RELIEF FUND - TAX COMMISSIONER.**

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$85,001,793, 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, or so much of the sum as may be necessary, to the tax commissioner for the state reimbursement of the residential property, agricultural property, and commercial property taxable valuation reduction for the biennium beginning July 1, 2025, and ending June 30, 2027. Of the \$483,400,000, \$85,001,793 is from the general fund pursuant to subsection 1, and \$398,398,207 is from the legacy earnings fund.

- 1 | **SECTION 15. EFFECTIVE DATE.** Sections ~~1, 2, 4, 5~~, 6, 7, ~~89~~, 10, 11, and ~~9~~13 of this Act
2 | are effective for taxable years beginning after December 31, 2024.

**REPORT OF STANDING COMMITTEE
HB 1575**

Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS** ([25.1283.01008](#)) and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1575 was placed on the Sixth order on the calendar.

25.1283.01007
Title.

Prepared by the Legislative Council
staff for Representative Dockter
February 12, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1575

Introduced by

Representatives Weisz, Beltz, Dockter, Dressler, Hagert, Headland, Kempenich

Senators Klein, Schaible, Thomas

1 A BILL for an Act to create and enact ~~three~~two new sections to chapter 54-27, two new sections
2 to chapter 57-02, and a new subdivision to subsection 1 of section 57-55-10 of the North
3 Dakota Century Code, relating to ~~primary residence certification, a state reimbursed taxable~~
4 ~~valuation reduction for primary residential property, and~~a legacy earnings fund, a legacy
5 property tax relief fund, a state reimbursed taxable valuation reduction for residential,
6 agricultural, and commercial property ~~owned by resident individuals or entities domiciled in the~~
7 ~~state, and limitations on taxable valuation increases without voter approval~~; to amend and
8 reenact ~~sections 57-02-01~~section 6-09.4-10.1, subsection 1 of section 21-10-06, section
9 54-27-19.3, subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of
10 section 57-02-08.1, section 57-02-08.10, 57-02-27, and 57-02-27.1and subsections 1 and 7 of
11 section 57-38-30.3 of the North Dakota Century Code, relating to ~~property classifications~~
12 ~~and~~funds invested by the state investment board, the homestead tax credit and renters refund,
13 the primary residence credit certification and state reimbursement, income tax rates for
14 individuals, estates, and trusts and the marriage penalty credit; to repeal ~~section~~sections
15 21-10-12, 21-10-13, 57-02-08.9, and 57-38-01.28 of the North Dakota Century Code, relating to
16 legacy fund definitions, the legacy earnings fund, the primary residence credit, and the marriage
17 penalty credit; to provide an appropriation; to provide for a transfer; to provide an effective date;
18 and to provide an expiration date.

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

~~SECTION 1. 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~~

1 ~~is occurring continues to qualify for assessment as agricultural property under~~
2 ~~this subsection.~~

3 ~~2. "Air carrier transportation property" means the operative property of each airline~~
4 ~~whose property is assessed for taxation purposes pursuant to chapters 57-06 and~~
5 ~~57-32.~~

6 ~~3. "Assessed valuation" means fifty percent of the true and full value of property.~~

7 ~~4. "Centrally assessed property" means all property which is assessed by the state board~~
8 ~~of equalization under chapters 57-05, 57-06, and 57-32.~~

9 ~~5. "Commercial property" means all property, or portions of property, not included in the~~
10 ~~classes of property defined in subsections 1, 4, 11, and 10, 12, 13, and 14.~~

11 ~~6. "Credits" means and includes every claim and demand for money or other valuable~~
12 ~~thing, and every annuity or sum of money receivable at stated periods, due or to~~
13 ~~become due, and all claims and demands secured by deeds or mortgages, due or to~~
14 ~~become due.~~

15 ~~7. "Governing body" means a board of county commissioners, city council, board of city~~
16 ~~commissioners, school board, or board of education, or the similarly constituted and~~
17 ~~acting board of any other municipality.~~

18 ~~8. "Money" or "moneys" means gold and silver coin, treasury notes, bank notes, and~~
19 ~~every deposit which any person owning the same or holding in trust and residing in~~
20 ~~this state is entitled to withdraw as money or on demand.~~

21 ~~9. "Municipality" or "taxing district" means a county, city, township, school district, water~~
22 ~~conservation and flood control district, Garrison Diversion Conservancy District, county~~
23 ~~park district, joint county park district, irrigation district, park district, rural fire protection~~
24 ~~district, or any other subdivision of the state empowered to levy taxes.~~

25 ~~10. "Nonprimary residential property" means residential property, or portions of residential~~
26 ~~property, not included in the class of property defined in subsection 12.~~

27 ~~11. "Person" includes a firm, corporation, or limited liability company.~~

28 ~~11.12. "Primary residential property" means residential property certified as a primary~~
29 ~~residence under section 2 of this Act.~~

1 ~~13.~~ "Railroad property" means the operating property, including franchises, of each
2 railroad operated in this state, including any electric or other street or interurban
3 railway.

4 ~~12.14.~~ "Residential property" means all property, or portions of property, used by an individual
5 or group of individuals as a dwelling, including property upon which a mobile home is
6 located but not including hotel and motel accommodations required to be licensed
7 under chapter 23-09 nor structures providing living accommodations for four or more
8 separate family units nor any tract of land upon which four or more mobile homes are
9 located. The term includes nonprimary residential property and primary residential
10 property.

11 ~~13.15.~~ "Taxable valuation" signifies the valuation remaining after deducting exemptions and
12 making other reductions from the original assessed valuation, and is the valuation
13 upon which the rate of levy finally is computed and against which the taxes finally are
14 extended.

15 ~~14.16.~~ "Tract", "lot", "piece or parcel of real property", or "piece or parcel of land" means any
16 contiguous quantity of land in the possession of, owned by or recorded as the property
17 of, the same claimant, person, or company.

18 ~~15.17.~~ "True and full value" means the value determined by considering the earning or
19 productive capacity, if any, the market value, if any, and all other matters that affect the
20 actual value of the property to be assessed. This shall include, for purposes of arriving
21 at the true and full value of property used for agricultural purposes, farm rentals, soil
22 capability, soil productivity, and soils analysis.

23 ~~16.18.~~ "Unencumbered cash" means the total cash on hand in any fund, less the amount
24 belonging to the fund in closed banks and less the amount of outstanding warrants,
25 bills, accounts, and contracts which are chargeable against the fund.

26 ~~17.19.~~ There shall be a presumption that a unit of land is not a farm unless such unit
27 contains a minimum of ten acres [4.05 hectares], and the taxing authority, in
28 determining whether such presumption shall apply, shall consider such things as the
29 present use, the adaptability to use, and how similar type properties in the immediate
30 area are classified for tax purposes.

~~SECTION 2. 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. For assessments for taxable year 2025 for a primary residence taxed as real estate under this title and assessments for taxable years 2025 and 2026 for a primary residence taxed as a mobile home under chapter 57-55:~~

~~(1) An application for primary residence certification must be filed by August 1, 2025, to request a primary residence certification for:~~

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

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

~~(2) By October 31, 2025, the tax commissioner shall:~~

~~(a) Review the applications received under this subdivision and determine which applicants qualify for the primary residence certification; and~~

- 1 ~~(b) Provide to each county director of tax equalization a copy of each~~
2 ~~approved or rejected application received under this subdivision which~~
3 ~~identifies property located in the county.~~
- 4 ~~(3) By November 28, 2025, the county director of tax equalization shall:~~
- 5 ~~(a) Notify the applicant of the approval or denial of the application.~~
- 6 ~~(b) Adjust the corresponding taxable year classification from a residential~~
7 ~~classification to the appropriate classification of primary residential~~
8 ~~property or nonprimary residential property and correct the~~
9 ~~assessment list to reflect the appropriate classification of the property.~~
- 10 ~~b. For assessments for taxable years after 2025 for a primary residence taxed as~~
11 ~~real estate under this title and assessments after 2026 for a primary residence~~
12 ~~taxed as a mobile home under chapter 57-55:~~
- 13 ~~(1) An application for primary residence certification must be filed by February~~
14 ~~first of each year after 2025 to request a primary residence certification for:~~
- 15 ~~(a) The taxable year during which the application is filed for a primary~~
16 ~~residence taxed as real estate under this title.~~
- 17 ~~(b) The taxable year succeeding the taxable year during which the~~
18 ~~application is filed for a primary residence taxed as a mobile home~~
19 ~~under chapter 57-55.~~
- 20 ~~(2) As soon as practicable after receiving the applications, no later than~~
21 ~~February twenty-eighth of each year after 2025, the tax department shall:~~
- 22 ~~(a) Review the applications received under this subdivision and~~
23 ~~determine which applicants qualify for the primary residence~~
24 ~~certification; and~~
- 25 ~~(b) Provide to each county director of tax equalization a copy of each~~
26 ~~approved or rejected application received under this subdivision which~~
27 ~~identifies property located in the county.~~
- 28 ~~(3) Within fifteen days of receipt of the applications from the tax department~~
29 ~~under paragraph 2, no later than March fifteenth of each year after 2025,~~
30 ~~the county director of tax equalization shall notify the applicant of the~~

- 1 approval or denial of the application and reflect the appropriate classification
2 of the property on the assessment list.
- 3 ~~c. The tax department may request additional documentation from the applicant~~
4 ~~when making the determination of eligibility.~~
- 5 ~~d. Determinations of eligibility under this subsection may be appealed through the~~
6 ~~informal equalization process and formal abatement process.~~
- 7 ~~4. A primary residence certification under this section is valid for the entire taxable year~~
8 ~~for which the application for certification was approved, without regard to any change~~
9 ~~of ownership of the property which occurs after the application for certification was~~
10 ~~approved.~~
- 11 ~~5. The tax commissioner shall prescribe, design, and make available all forms necessary~~
12 ~~to effectuate this section. Application forms must include the full name and address of~~
13 ~~the applicant and any other information prescribed by the tax commissioner. The~~
14 ~~county director of tax equalization shall make these forms available to applicants upon~~
15 ~~request.~~
- 16 ~~6. For purposes of this section:~~
- 17 ~~a. "Owned" means the individual holds a present ownership interest, including~~
18 ~~ownership in fee simple, holds a present life estate or other terminable present~~
19 ~~ownership interest, holds a beneficial interest in a qualifying trust, or is a~~
20 ~~purchaser under a contract for deed. The term does not include a mere right of~~
21 ~~occupancy or a tenancy under a lease.~~
- 22 ~~b. (1) "Primary residence" means a dwelling in this state, including the land,~~
23 ~~appurtenances, and improvements used in the residential occupancy of the~~
24 ~~dwelling, which is not exempt from property taxes as a farm residence and,~~
25 ~~subject to subsection 2 and paragraph 2, as of the assessment date of the~~
26 ~~taxable year, is:~~
- 27 ~~(a) Owned by one or more individuals, either directly or through a~~
28 ~~beneficial interest in a qualifying trust;~~
- 29 ~~(b) Designed or adapted for human residence;~~
- 30 ~~(c) Used as a residence; and~~

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

5 ~~(2) For purposes of the term:~~

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

7 ~~(b) A primary residence includes a primary residence taxed as a mobile~~
8 ~~home under chapter 57-55.~~

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

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

16 ~~(a) For life;~~

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

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

22 ~~(2) That acquires the property in an instrument of title or under a court order~~
23 ~~that:~~

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

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

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

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 ~~21-10-134~~ 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 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 5 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.

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 4 of this Act and all moneys transferred to the fund by the legislative assembly.

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 thousand~~ 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 thousand~~ fifty thousand dollars and not in excess of ~~seventy thousand~~ 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 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

1 general fund for that amount in excess of four percent of the person's annual
2 income, but the refund may not be in excess of ~~four hundred~~six hundred dollars.
3 If the calculation for the refund is less than five dollars, a minimum of five dollars
4 must be sent to the qualifying applicant.

5 **SECTION 8. AMENDMENT.** Section 57-02-08.10 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **57-02-08.10. Primary residence credit - Certification - Distribution. (Effective through**
8 **~~June 30, 2026~~August 1, 2025)**

- 9 1. By June first of each year~~2025~~, the tax commissioner shall:
- 10 a. Review the applications received under section 57-02-08.9, as it existed on
11 December 31, 2024, and determine which applicants qualify for the credit allowed
12 under section 57-02-08.9, as it existed on December 31, 2024; and
- 13 b. Provide to each county auditor:
- 14 (1) A copy of each approved application under subdivision a which identifies a
15 primary residence located in the county; and
- 16 (2) The sum of the credits allowed under section 57-02-08.9, as it existed on
17 December 31, 2024, in the county for the current taxable year.
- 18 2. The county auditor shall apply the credit under section 57-02-08.9, as it existed on
19 December 31, 2024, to each primary residence identified by the tax commissioner as
20 a qualifying primary residence on the corresponding property tax statement.
- 21 3. ~~By January first of each year, the county auditor shall certify to the tax commissioner~~
22 ~~the sum of the credits approved by the tax commissioner under subsection 1 which~~
23 ~~were applied toward property taxes owed on primary residences in the county for the~~
24 ~~preceding year.~~
- 25 4. By June first of each year ~~after 2024~~2025, the tax commissioner shall review a
26 sampling of information provided by the county auditor to verify the accuracy of the
27 application of the credit and certify to the state treasurer for payment to each county
28 the aggregate dollar amount of credits allowed under section 57-02-08.9, as it existed
29 on December 31, 2024, in each county for the preceding year.
- 30 ~~5.4.~~ Within fourteen days of receiving the payment from the state treasurer, but no later
31 than June thirtieth of each year ~~after 2024~~2025, the county treasurer shall apportion

1 and distribute the payment to the county and to the taxing districts of the county on the
2 same basis as property taxes for the preceding year were apportioned and distributed.

3 ~~6-5.~~ Supplemental certifications by the county auditor and the tax commissioner and
4 supplemental payments by the state treasurer may be made after the dates prescribed
5 in this section to make corrections necessary because of errors.

6 ~~7-6.~~ The county auditors shall provide information requested by the tax commissioner to
7 effectuate this section.

8 ~~8-7.~~ The tax commissioner shall prescribe, design, and make available all forms necessary
9 to effectuate this section.

10 ~~SECTION 4. A new section to chapter 57-02 of the North Dakota Century Code is created~~
11 ~~and enacted as follows:~~

12 ~~Primary residential valuation reduction – Qualification – Certification – State~~
13 ~~reimbursement.~~

14 ~~1. A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's parcel of~~
15 ~~primary residential property as defined under section 57-02-01 equal to three percent~~
16 ~~of the assessed value of the parcel of primary residential property. The reduction~~
17 ~~under this section must be applied before other credits under this chapter, including~~
18 ~~the credits under sections 57-02-08.1 and 57-02-08.8, have been applied.~~

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

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

23 ~~(1) The county auditor shall apply the reduction under this section to each~~
24 ~~parcel of primary residential property taxed as real estate under this title on~~
25 ~~the corresponding tax statement.~~

26 ~~(2) The county auditor shall consider an application received under section~~
27 ~~2 of this Act for primary residential property certification for a parcel of primary~~
28 ~~residential property taxed as a mobile home under chapter 57-55 and identified by the~~
29 ~~tax commissioner as a certified primary residence under section 2 of this Act as an~~
30 ~~application for an abatement and refund of taxes in an amount consistent with the~~
31 ~~reduction 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 years after 2025, the county auditor shall apply the reduction under this section to each parcel of primary residential property on the corresponding property tax statement or mobile home tax statement.~~

~~4. A reduction under this section is valid for the entire taxable year for which the property is certified as primary residential property, without regard to any change of ownership of the property which occurs after the property was classified as primary residential property for the taxable year.~~

~~5. This section does not reduce the liability of any individual for special assessments levied upon any property.~~

~~6. A reduction of taxable valuation under this section may not be applied to reduce the taxable valuation used for purposes of determining the amount subtracted from a school district's state aid payment under subdivision a of subsection 4 of section 15.1-27-04.1.~~

~~7. a. Before January 15, 2026, the county auditor of each county shall certify to the tax commissioner, on forms prescribed by the tax commissioner the following information applicable to taxable year 2025 for primary residential property taxed as real estate under this title and taxable years 2025 and 2026 for primary residential property taxed as a mobile home under chapter 57-55:~~

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

~~(2) The legal description of the property;~~

~~(3) The taxable value of the property;~~

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

- 1 ~~(5) The total of the tax mill rates used to calculate taxes for the corresponding~~
2 ~~year of all taxing districts in which the property was contained, exclusive of~~
3 ~~any state mill rates; and~~
- 4 ~~(6) Any other information prescribed by the tax commissioner.~~
- 5 ~~b. Before January fifteenth of each year after 2026, the county auditor of each~~
6 ~~county shall certify to the tax commissioner, on forms prescribed by the tax~~
7 ~~commissioner the following information applicable to the taxable year during~~
8 ~~which the application under section 2 of this Act is filed for primary residential~~
9 ~~property taxed as real estate under this title and the taxable year succeeding the~~
10 ~~taxable year during which the application under section 2 of this Act is filed for~~
11 ~~primary residential property taxed as a mobile home under chapter 57-55:~~
- 12 ~~(1) The full name, address, and social security or taxpayer identification number~~
13 ~~of each individual or entity for whom the reduction under this section was~~
14 ~~allowed for the corresponding taxable year;~~
- 15 ~~(2) The legal description of the property;~~
- 16 ~~(3) The taxable value of the property;~~
- 17 ~~(4) The dollar amount of each reduction in taxable value allowed;~~
- 18 ~~(5) The total of the tax mill rates used to calculate taxes for the corresponding~~
19 ~~year of all taxing districts in which the property was contained, exclusive of~~
20 ~~any state mill rates; and~~
- 21 ~~(6) Any other information prescribed by the tax commissioner.~~
- 22 ~~8. a. By March 15, 2026, the tax commissioner shall:~~
- 23 ~~(1) Review the certifications under subdivision a of subsection 7, make any~~
24 ~~required corrections, and certify to the state treasurer for payment to each~~
25 ~~county the sum of the amounts computed by:~~
- 26 ~~(a) For primary residential valuation reductions for primary residential~~
27 ~~property taxed as real estate for taxable year 2025, multiplying the~~
28 ~~reduction allowed for each qualifying parcel of primary residential~~
29 ~~property taxed as real estate under this title in the county for taxable~~
30 ~~year 2025 by the total of the tax mill rates for taxable year 2025 of all~~
31 ~~taxing districts in which the property was located.~~

1 ~~(b) For primary residential valuation reductions for primary residential~~
2 ~~property taxed as mobile homes under chapter 57-55 for taxable year~~
3 ~~2025, multiplying the reduction allowed for each qualifying parcel of~~
4 ~~primary residential property taxed as a mobile home under chapter~~
5 ~~57-55 in the county for taxable year 2025 by the total of the tax mill~~
6 ~~rates used to calculate mobile home taxes under chapter 57-55 in~~
7 ~~taxable year 2025 of all taxing districts in which the property was~~
8 ~~located.~~

9 ~~(c) For primary residential valuation reductions for primary residential~~
10 ~~property taxed as mobile homes under chapter 57-55 for taxable year~~
11 ~~2026, multiplying the reduction allowed for each qualifying parcel of~~
12 ~~primary residential property taxed as a mobile home under chapter~~
13 ~~57-55 in the county for taxable year 2026 by the total of the tax mill~~
14 ~~rates used to calculate mobile home taxes under chapter 57-55 in~~
15 ~~taxable year 2026 of all taxing districts in which the property was~~
16 ~~located.~~

17 ~~(2) Certify to the state treasurer for deposit in the state medical center fund the~~
18 ~~amount computed by multiplying one mill times the reduction allowed under~~
19 ~~this section for primary residential property taxed as real estate for taxable~~
20 ~~year 2025 and primary residential property taxed as mobile homes under~~
21 ~~chapter 57-55 for taxable years 2025 and 2026.~~

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

23 ~~(1) Review the certifications under subdivision b of subsection 7, make any~~
24 ~~required corrections, and certify to the state treasurer for payment to each~~
25 ~~county the sum of the amounts computed by:~~

26 ~~(a) Multiplying the reduction allowed for each qualifying parcel of primary~~
27 ~~residential property taxed as real estate under this title in the county~~
28 ~~for the preceding year by the total of the tax mill rates for the~~
29 ~~preceding year of all taxing districts in which the property was located.~~

30 ~~(b) Multiplying the reduction allowed for each qualifying parcel of primary~~
31 ~~residential property taxed as a mobile home under chapter 57-55 in~~

~~the county for the current year by the total of the tax mill rates used to
calculate mobile home taxes under chapter 57-55 for the current
taxable year of all taxing districts in which the property was located.~~

~~(2) Certify annually to the state treasurer for deposit in the state medical center
fund the amount computed by multiplying one mill times the reduction
allowed under this section for all eligible parcels of primary residential
property in the state for:~~

~~(a) The taxable year during which the application under section 2 of this
Act is filed for primary residential property taxed as real estate under
this title.~~

~~(b) The taxable year succeeding the taxable year during which the
application under section 2 of this Act is filed for primary residential
property taxed as a mobile home under chapter 57-55.~~

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

~~9. Within fourteen days of receiving the payment from the state treasurer, the county
treasurer shall apportion and distribute the payment without delay to the county and to
the taxing districts of the county on the same basis property taxes under this chapter
and mobile home taxes under chapter 57-55 were apportioned and distributed for the
taxable year in which the taxes were levied.~~

~~10. Supplemental certifications by the county auditor and the tax commissioner and
supplemental payments by the state treasurer may be made after the dates prescribed
in this section to make any corrections necessary because of errors or approval of any
application for equalization or abatement filed by an individual or entity because all or
part of the reduction under this section was not allowed.~~

~~11. The tax commissioner shall prescribe, design, and make available all forms necessary
to effectuate this section.~~

SECTION 9. A new section to chapter 57-02 of the North Dakota Century Code is created
and enacted as follows:

Qualifying Residential, agricultural, and commercial property valuation reduction -

Qualification - Certification - State reimbursement.

1. A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's ~~parcel of~~ qualifying residential property, agricultural property, or commercial property or ~~qualifying agricultural property~~ as provided in this section. The reduction is equal to:
 - a. For a ~~parcel of qualifying agricultural~~ residential property, two and three-fourths percent of the assessed value of the ~~parcel~~ property.
 - b. For a ~~parcel of qualifying agricultural property and~~ commercial property, one and one-half percent of the assessed value of the ~~parcel~~ property.
2. The reduction under this section must be applied before other credits under this chapter.
3. Persons who are co-owners of the property but who are not spouses or dependents each are entitled to a percentage of a full reduction under subsection 1 equal to their ownership interests in the property.
4. ~~To apply for the reduction under this section, an owner shall sign and file with the tax commissioner by August first of each year an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered qualifying commercial property or qualifying agricultural property under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.~~
- ~~5. By October first of each year, the tax commissioner shall:~~
 - ~~a. Review the applications received under subsection 4 and determine which applicants qualify for the reduction under this section; and~~
 - ~~b. Provide to each county director of tax equalization a copy of each approved or rejected application which identifies property located in the county.~~
- ~~6. The county director of tax equalization shall attach each approved application to the assessment list and list the amount of the reduction allowed on the assessment list.~~
- ~~7. The tax department may request additional documentation from the applicant when making the determination of eligibility.~~
- ~~8. If an applicant is found to have claimed a reduction fraudulently under this section to which that applicant is not entitled, all reductions under this section for that applicant~~

~~for that taxable year must be canceled. If an applicant received a reduction that is canceled under this section, the auditor of the county in which the property is located shall enter the amount of the canceled reduction as omitted property on the assessment list of property that has escaped taxation.~~

~~9.~~ Determinations of eligibility for a reduction under this section may be appealed through the equalization and abatement process.

~~10.5.~~ The county auditor shall apply the reduction under this section ~~to each parcel of qualifying commercial property or qualifying agricultural property~~ on the corresponding property tax ~~or mobile home tax~~ statement.

~~11.~~ A reduction under this section is valid for the entire taxable year for which the claim was approved, without regard to any change of ownership of the property which occurs after the claim was approved for the taxable year.

~~12.6.~~ This section does not reduce the liability of any owner for special assessments levied upon any property.

~~13.7.~~ A reduction of taxable valuation under this section may not be applied to reduce the taxable valuation used for purposes of determining the amount subtracted from a school district's state aid payment under subdivision a of subsection 4 of section 15.1-27-04.1.

~~14.8.~~ Before January fifteenth of each year after 2025, the county auditor of each county shall certify to the tax commissioner, on forms prescribed by the tax commissioner, the following information ~~applicable to the preceding taxable year for property taxed as real estate under this title and the current taxable year for property taxed as a mobile home under chapter 57-55:~~

- a. ~~The full name, address, and social security or taxpayer identification number of each individual or entity for whom the reduction under this section was allowed for the preceding~~corresponding taxable year;
- b. The legal description of the property;
- c. The taxable value of the property;
- d. The dollar amount of each reduction in taxable value allowed;

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

f. Any other information prescribed by the tax commissioner.

~~15.9.~~ By March fifteenth of each year after 2025, the tax commissioner shall:

a. Review the certifications under subsection ~~148~~, make any required corrections,
and certify to the state treasurer for payment to each county the sum of the
amounts computed by ~~multiplying~~:

(1) ~~Multiplying~~ the reduction allowed for each parcel of ~~qualifying~~residential
property, agricultural property, and ~~qualifying~~ commercial property taxed as
real estate under this title in the county for the preceding taxable year by the
total of the tax mill rates for the preceding taxable year of all taxing districts
in which the property was located.

(2) ~~Multiplying~~ the reduction allowed for each parcel of residential property and
commercial property taxed as a mobile home under chapter 57-55 in the
county for the current taxable year by the total of the tax mill rates used to
calculate mobile home taxes under chapter 57-55 for the current taxable
year of all taxing districts in which the property was located.

b. Certify annually to the state treasurer for deposit in the state medical center fund
the amount computed by multiplying one mill times the reduction allowed under
this section for all parcels of ~~qualifying~~residential property, agricultural property,
and ~~qualifying~~ commercial property in the state for ~~the~~:

(1) The preceding taxable year for property taxed as real estate under this title.

(2) The current taxable year for property taxed as a mobile home under chapter
57-55.

~~16.~~ In reviewing certifications, the tax commissioner may refer to any income tax return
information or other information available to the tax commissioner.

~~17.10.~~ Within fourteen days of receiving the payment from the state treasurer, the county
treasurer shall apportion and distribute the payment without delay to the county and to
the taxing districts of the county on the same basis property taxes under this chapter

1 and mobile home taxes under chapter 57-55 were apportioned and distributed for the
2 preceding taxable year in which the taxes were levied.

3 18.11. Supplemental certifications by the county auditor and the tax commissioner and
4 supplemental payments by the state treasurer may be made after the dates prescribed
5 in this section to make any corrections necessary because of errors or approval of any
6 application for equalization or abatement filed by an individual or entity because all or
7 part of the reduction under this section was not allowed.

8 19.12. The tax commissioner shall prescribe, design, and make available all forms necessary
9 to effectuate this section. ~~Application forms must include the full name and address of~~
10 ~~the applicant and any other information prescribed by the tax commissioner. The~~
11 ~~county director of tax equalization shall make these forms available to applicants upon~~
12 ~~request.~~

13 20.13. For purposes of this section:

14 a. ~~"Domicile" has the meaning provided under section 47-30.2-01~~ "Commercial
15 property" means commercial property as defined under section 57-02-01 and
16 mobile homes used for commercial purposes and taxed under chapter 57-55.

17 b. ~~"Owned" means an individual or entity holds a present ownership interest,~~
18 ~~including ownership in fee simple, holds a present life estate or other terminable~~
19 ~~present ownership interest, or is a purchaser under a contract for deed. The term~~
20 ~~does not include a mere right of occupancy or a tenancy under a lease.~~

21 ~~c. "Qualifying agricultural property" means agricultural property, as defined under~~
22 ~~section 57-02-01, which is owned by an individual who is a resident of the state~~
23 ~~or an entity that is domiciled in the state.~~

24 ~~d. "Qualifying commercial property" means commercial property, as defined under~~
25 ~~section 57-02-01, which is owned by an individual who is a resident of the state~~
26 ~~or an entity that is domiciled in the state~~ "Residential property" means residential
27 property as defined under section 57-02-01 and mobile homes used for
28 residential purposes and taxed under chapter 57-55.

29 ~~SECTION 6. AMENDMENT. Section 57-02-27 of the North Dakota Century Code is~~
30 ~~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 resulting from the calculation under subsection 1 are known as 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~~

1 assessed as agricultural property prior to March 30, 1981, must be assessed as
2 agricultural property for ad valorem property tax purposes until put to another use.
3 Such valuation must be uniform with the valuation of adjoining unannexed agricultural
4 land.

5 ~~SECTION 8. AMENDMENT.~~ Section 57-02-27.1 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 ~~57-02-27.1. Property to be valued at true and full value.~~

8 ~~1. All assessors and boards of equalization shall place the values of all items of taxable~~
9 ~~property at the true and full value of the property except as otherwise specifically~~
10 ~~provided by law, and the amount of taxes that may be levied on such property must be~~
11 ~~limited as provided in this chapter. For the purposes of sections 57-02-27, 57-02-27.1,~~
12 ~~57-02-27.2, and 57-55-04, the term "true and full value" has the same meaning as~~
13 ~~provided in subsection 15 of section 57-02-01, except that "true and full value" of~~
14 ~~agricultural lands must be as determined pursuant to section 57-02-27.2.~~

15 ~~2. The governing body of the city or township may establish valuations that recognize the~~
16 ~~supply of vacant lots available for sale.~~

17 **SECTION 10.** A new section to chapter 57-02 of the North Dakota Century Code is created
18 and enacted as follows:

19 **Limitation on taxable valuation increases.**

- 20 1. Notwithstanding any other provision of law, the taxable valuation on any parcel of
21 taxable property may not exceed by more than three percent the amount of the
22 taxable valuation on that parcel of taxable property in the preceding taxable year,
23 except to the extent improvements to the property have been made which were not
24 included in the taxable valuation of the property in the preceding taxable year. The
25 limitation in this section applies regardless of a sale, transfer, or other change in
26 ownership of the property.
- 27 2. Taxable valuations exceeding the limitations under subsection 1 may be imposed upon
28 approval of a ballot measure, stating the proposed maximum allowable percentage
29 increase in taxable valuation, by a majority of the qualified electors of the taxing district
30 voting on the question at a statewide general or primary election. Taxable valuations

exceeding the limitations under subsection 1 may be approved by electors for not more than six taxable years at a time.

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

SECTION 11. 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, and married filing separately.

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
<u>\$0</u>	<u>\$48,475</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
<u>\$48,475</u>	<u>\$244,825</u>	<u>\$0.00 + 1.95%</u>	<u>\$48,475</u>
<u>\$244,825</u>		<u>\$3,828.83 + 2.50%</u>	<u>\$244,825</u>

b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:

1	Over	Not over	The tax is equal to	Of amount over
2	\$0	\$74,750	\$0.00 + 0.00%	\$0
3	\$74,750	\$275,100	\$0.00 + 1.95%	\$74,750
4	\$275,100		\$3,906.83 + 2.50%	\$275,100
5	Over	Not over	The tax is equal to	Of amount over
6	\$0	\$96,950	\$0.00 + 0.00%	\$0
7	\$96,950	\$489,650	\$0.00 + 1.95%	\$96,950
8	\$489,650		\$7,657.65 + 2.50%	\$489,650
9	c. Married filing separately.			
10	If North Dakota taxable income is:			
11	Over	Not over	The tax is equal to	Of amount over
12	\$0	\$37,375	\$0.00 + 0.00%	\$0
13	\$37,375	\$137,550	\$0.00 + 1.95%	\$37,375
14	\$137,550		\$1,953.41 + 2.50%	\$137,550
15	d. Head of household.			
16	If North Dakota taxable income is:			
17	Over	Not over	The tax is equal to	Of amount over
18	\$0	\$59,950	\$0.00 + 0.00%	\$0
19	\$59,950	\$250,550	\$0.00 + 1.95%	\$59,950
20	\$250,550		\$3,716.70 + 2.50%	\$250,550
21	\$0	\$72,713	\$0.00 + 0.00%	\$0
22	\$72,713	\$367,238	\$0.00 + 1.95%	\$72,713
23	\$367,238		\$5,743.24 + 2.50%	\$367,238
24	e-d. Estates and trusts.			
25	If North Dakota taxable income is:			
26	Over	Not over	The tax is equal to	Of amount over
27	\$0	\$3,000	\$0.00 + 0.00%	\$0
28	\$3,000	\$10,750	\$0.00 + 1.95%	\$3,000
29	\$10,750		\$151.13 + 2.50%	\$10,750
30	\$0	\$3,250	\$0.00 + 0.00%	\$0

1	\$3,250	\$11,650	\$0.00 + 1.95%	\$3,250
2	\$11,650		\$163.80 + 2.50%	\$11,650

~~f.e.~~ 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.f.~~ The tax commissioner shall prescribe new rate schedules that apply in lieu of the schedules set forth in subdivisions a through ~~ed~~. 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.g.~~ 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 12. AMENDMENT. Subsection 7 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

7. A taxpayer filing a return under this section is entitled to the following tax credits:

- 1 a. Family care tax credit under section 57-38-01.20.
- 2 b. Renaissance zone tax credits under sections 40-63-04, 40-63-06, and 40-63-07.
- 3 c. Agricultural business investment tax credit under section 57-38.6-03.
- 4 d. Seed capital investment tax credit under section 57-38.5-03.
- 5 e. Planned gift tax credit under section 57-38-01.21.
- 6 f. Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and
- 7 57-38-01.23.
- 8 g. Internship employment tax credit under section 57-38-01.24.
- 9 h. Workforce recruitment credit under section 57-38-01.25.
- 10 i. ~~Marriage penalty credit under section 57-38-01.28.~~
- 11 j. Research and experimental expenditures under section 57-38-30.5.
- 12 ~~k.~~ j. Geothermal energy device installation credit under section 57-38-01.8.
- 13 ~~l.~~ k. Long-term care partnership plan premiums income tax credit under section
- 14 57-38-29.3.
- 15 ~~m.~~ l. Employer tax credit for salary and related retirement plan contributions of
- 16 mobilized employees under section 57-38-01.31.
- 17 ~~n.~~ m. Income tax credit for passthrough entity contributions to private education
- 18 institutions under section 57-38-01.7.
- 19 ~~o.~~ n. Angel investor tax credit under section 57-38-01.26.
- 20 ~~p.~~ o. Income tax credit for employment of individuals with developmental disabilities or
- 21 severe mental illness under section 57-38-01.16.
- 22 ~~q.~~ p. Adoption tax credit under section 57-38-01.38.
- 23 ~~r.~~ q. Tax credit for contributions to a maternity home, child-placing agency, or
- 24 pregnancy help center under section 57-38-01.39.
- 25 ~~s.~~ r. Apprenticeship tax credit under section 57-38-01.40.
- 26 ~~t.~~ s. Twenty-first century manufacturing and animal agricultural workforce incentive
- 27 under section 57-38-01.41.

28

29 **SECTION 13.** A new subdivision to subsection 1 of section 57-55-10 of the North Dakota

30 Century Code is created and enacted as follows:

1 If it is owned by ~~an individual who~~ a taxpayer that qualifies for the ~~primary~~
2 ~~residential~~ valuation reduction under section 49 of this Act, to the extent to which
3 the ~~individual~~ taxpayer is entitled to the reduction.

4 **SECTION 14. REPEAL.** Sections 21-10-12 and 21-10-13 of the North Dakota Century
5 Code are repealed.

6 **SECTION 15. REPEAL.** ~~Section~~ Sections 57-02-08.9 and 57-38-01.28 of the North Dakota
7 Century Code ~~is~~are repealed.

8 **SECTION 16. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY**
9 **PROPERTY TAX RELIEF FUND - TAX COMMISSIONER.**

- 10 1. There is appropriated out of any moneys in the general fund in the state treasury, not
11 otherwise appropriated, the sum of \$85,001,793, which the office of management and
12 budget shall transfer to the legacy property tax relief fund, during the biennium
13 beginning July 1, 2025, and ending June 30, 2027. For legislative council budget
14 status reporting purposes, the transfer under this subsection is considered an ongoing
15 funding item.
- 16 2. There is appropriated out of any moneys in the legacy property tax relief fund, not
17 otherwise appropriated, the sum of \$483,400,000, or so much of the sum as may be
18 necessary, to the tax commissioner for the state reimbursement of the residential
19 property, agricultural property, and commercial property taxable valuation reduction for
20 the biennium beginning July 1, 2025, and ending June 30, 2027. Of the \$483,400,000,
21 \$85,001,793 is from the general fund pursuant to subsection 1, and \$398,398,207 is
22 from the legacy earnings fund.

23 **SECTION 17. EFFECTIVE DATE.** Sections ~~1, 2, 4, 5, 6, 7, 89, 10, 11, 12, 13,~~ and ~~91~~15 of
24 this Act are effective for taxable years beginning after December 31, 2024.

2025 HOUSE APPROPRIATIONS

HB 1575

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1575
2/17/2025

A BILL for an Act to create and enact two new sections to chapter 54-27, two new sections to chapter 57-02, and a new subdivision to subsection 1 of section 57-55-10 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a state reimbursed taxable valuation reduction for residential, agricultural, and commercial property, and limitations on taxable valuation increases without voter approval.

3:52 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:

- Agricultural Taxes
- Residential Taxes
- Property Taxes

3:52 p.m. Representative Headland introduced the Bill.

4:00 p.m. Chairman Vigesaa closed the meeting.

Sierra Schartz, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1575
2/21/2025

A BILL for an Act to create and enact two new sections to chapter 54-27, two new sections to chapter 57-02, and a new subdivision to subsection 1 of section 57-55-10 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a state reimbursed taxable valuation reduction for residential, agricultural, and commercial property, and limitations on taxable valuation increases without voter approval.

10:22 a.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:

- Legacy fund
- 30% reduction

10:25 a.m. Representative Weisz introduced the amendment LC #25.1283.02001, submitted testimony #38311 and answered questions.

10:36 a.m. Chairman Vigesaa closed the meeting.

Krystal Eberle for Risa Berube, Committee Clerk

25.1283.02001
Title.

Prepared by the Legislative Council
staff for Representative Weisz
February 20, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

ENGROSSED HOUSE BILL NO. 1575

Introduced by

Representatives Weisz, Beltz, Dockter, Dressler, Hagert, Headland, Kempenich

Senators Klein, Schaible, Thomas

1 A BILL for an Act to create and enact two new sections to chapter 54-27, two new sections to
2 chapter 57-02, and a new subdivision to subsection 1 of section 57-55-10 of the North Dakota
3 Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a state
4 reimbursed taxable valuation reduction for residential, agricultural, and commercial property,
5 and limitations on taxable valuation increases ~~without voter approval~~, and voter-approved
6 excess levy authority; to amend and reenact section 6-09.4-10.1, subsection 1 of section
7 21-10-06, section 54-27-19.3, subdivision c of subsection 1 of section 57-02-08.1, subdivision b
8 of subsection 2 of section 57-02-08.1, and section 57-02-08.10, of the North Dakota Century
9 Code, relating to funds invested by the state investment board, the homestead tax credit and
10 renters refund, and the primary residence credit certification and state reimbursement; to repeal
11 sections 21-10-12, 21-10-13, and 57-02-08.9 of the North Dakota Century Code, relating to
12 legacy fund definitions, the legacy earnings fund, and the primary residence credit; to provide
13 an appropriation; to provide for a transfer; to provide an effective date; and to provide an
14 expiration date.

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

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

1 **6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public**
2 **finance authority.**

3 There is created in the state treasury the legacy sinking and interest fund. The fund consists
4 of all moneys deposited in the fund under section ~~21-10-134~~ of this Act. Moneys in the fund may
5 be spent by the public finance authority pursuant to legislative appropriations to meet the debt
6 service requirements for evidences of indebtedness issued by the authority for transfer to the
7 Bank of North Dakota for allocations to infrastructure projects and programs.

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

10 1. Subject to the provisions of section 21-10-02, the board shall invest the following
11 funds:

- 12 a. State bonding fund.
- 13 b. Teachers' fund for retirement.
- 14 c. State fire and tornado fund.
- 15 d. Workforce safety and insurance fund.
- 16 e. Public employees retirement system.
- 17 f. Insurance regulatory trust fund.
- 18 g. State risk management fund.
- 19 h. Budget stabilization fund.
- 20 i. Water projects stabilization fund.
- 21 j. Health care trust fund.
- 22 k. Cultural endowment fund.
- 23 l. Petroleum tank release compensation fund.
- 24 m. Legacy fund.
- 25 n. ~~Legacy earnings fund.~~
- 26 o. Opioid settlement fund.

27 p.o. A fund under contract with the board pursuant to subsection 3.

28 **SECTION 3. AMENDMENT.** Section 54-27-19.3 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **54-27-19.3. Legacy earnings highway distribution fund.**

2 A legacy earnings highway distribution fund is created as a special fund in the state treasury
3 into which must be deposited any allocations of legacy fund earnings made under section
4 ~~21-10-134~~ of this Act. Any moneys in the legacy earnings highway distribution fund must be
5 allocated and transferred by the state treasurer, as follows:

- 6 1. Sixty percent must be transferred to the department of transportation for deposit in the
7 state highway fund;
- 8 2. Ten percent must be transferred to the legacy earnings township highway aid fund;
- 9 3. One and five-tenths percent must be transferred to the public transportation fund; and
- 10 4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the
11 formula established in subsection 4 of section 54-27-19. Moneys received by counties
12 and cities must be used for roadway purposes in accordance with section 11 of
13 article X of the Constitution of North Dakota.

14 **SECTION 4.** A new section to chapter 54-27 of the North Dakota Century Code is created
15 and enacted as follows:

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

- 17 1. There is created in the state treasury the legacy earnings fund. The fund consists of all
18 moneys distributed by the state treasurer from the legacy fund pursuant to section 26
19 of article X of the Constitution of North Dakota. The distribution from the legacy fund
20 on July first of each odd-numbered year must be equal to seven percent of the
21 five-year average value of the legacy fund balance as reported by the state investment
22 board. The average value of the legacy fund balance must be calculated using the
23 fund balance at the end of each fiscal year for the five-year period ending with the
24 most recently completed even-numbered fiscal year.
- 25 2. From the amount distributed to the legacy earnings fund under subsection 1, the state
26 treasurer shall allocate funding in July of each odd-numbered year in the following
27 order:
 - 28 a. The first one hundred two million six hundred twenty-four thousand dollars or an
29 amount equal to the amount appropriated from the legacy sinking and interest
30 fund for debt service payments for a biennium, whichever is less, to the legacy
31 sinking and interest fund under section 6-09.4-10.1.

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

3 c. The remaining amount to the legacy property tax relief fund under section 5 of
4 this Act.

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

7 **Legacy property tax relief fund.**

8 There is created in the state treasury the legacy property tax relief fund. The fund consists
9 of all moneys allocated to the fund under section 4 of this Act and all moneys transferred to the
10 fund by the legislative assembly.

11 **SECTION 6. AMENDMENT.** Subdivision c of subsection 1 of section 57-02-08.1 of the
12 North Dakota Century Code is amended and reenacted as follows:

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

14 (1) If the person's income is not in excess of ~~forty thousand~~ fifty thousand
15 dollars, a reduction of one hundred percent of the taxable valuation of the
16 person's homestead up to a maximum reduction of nine thousand dollars of
17 taxable valuation.

18 (2) If the person's income is in excess of ~~forty thousand~~ fifty thousand dollars
19 and not in excess of ~~seventy thousand~~ eighty thousand dollars, a reduction
20 of fifty percent of the taxable valuation of the person's homestead up to a
21 maximum reduction of four thousand five hundred dollars of taxable
22 valuation.

23 **SECTION 7. AMENDMENT.** Subdivision b of subsection 2 of section 57-02-08.1 of the
24 North Dakota Century Code is amended and reenacted as follows:

25 b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of
26 any federal rent subsidy and of charges for any utilities, services, furniture,
27 furnishings, or personal property appliances furnished by the landlord as part of
28 the rental agreement, whether expressly set out in the rental agreement, must be
29 considered as payment made for property tax. When any part of the twenty
30 percent of the annual rent exceeds four percent of the annual income of a
31 qualified applicant, the applicant is entitled to receive a refund from the state

1 general fund for that amount in excess of four percent of the person's annual
2 income, but the refund may not be in excess of ~~four hundred~~six hundred dollars.
3 If the calculation for the refund is less than five dollars, a minimum of five dollars
4 must be sent to the qualifying applicant.

5 **SECTION 8. AMENDMENT.** Section 57-02-08.10 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **57-02-08.10. Primary residence credit - Certification - Distribution. (Effective through**
8 **~~June 30, 2026~~August 1, 2025)**

- 9 1. By June first of ~~each year~~2025, the tax commissioner shall:
- 10 a. Review the applications received under section 57-02-08.9, as it existed on
11 December 31, 2024, and determine which applicants qualify for the credit allowed
12 under section 57-02-08.9, as it existed on December 31, 2024; and
13 b. Provide to each county auditor:
- 14 (1) A copy of each approved application under subdivision a which identifies a
15 primary residence located in the county; and
16 (2) The sum of the credits allowed under section 57-02-08.9, as it existed on
17 December 31, 2024, in the county for the current taxable year.
- 18 2. The county auditor shall apply the credit under section 57-02-08.9, as it existed on
19 December 31, 2024, to each primary residence identified by the tax commissioner as
20 a qualifying primary residence on the corresponding property tax statement.
- 21 3. ~~By January first of each year, the county auditor shall certify to the tax commissioner~~
22 ~~the sum of the credits approved by the tax commissioner under subsection 1 which~~
23 ~~were applied toward property taxes owed on primary residences in the county for the~~
24 ~~preceding year.~~
- 25 4. By June first of ~~each year after 2024~~2025, the tax commissioner shall review a
26 sampling of information provided by the county auditor to verify the accuracy of the
27 application of the credit and certify to the state treasurer for payment to each county
28 the aggregate dollar amount of credits allowed under section 57-02-08.9, as it existed
29 on December 31, 2024, in each county for the preceding year.
- 30 ~~5.4.~~ Within fourteen days of receiving the payment from the state treasurer, but no later
31 than June thirtieth of ~~each year after 2024~~2025, the county treasurer shall apportion

1 and distribute the payment to the county and to the taxing districts of the county on the
2 same basis as property taxes for the preceding year were apportioned and distributed.

3 ~~6-5.~~ Supplemental certifications by the county auditor and the tax commissioner and
4 supplemental payments by the state treasurer may be made after the dates prescribed
5 in this section to make corrections necessary because of errors.

6 ~~7-6.~~ The county auditors shall provide information requested by the tax commissioner to
7 effectuate this section.

8 ~~8-7.~~ The tax commissioner shall prescribe, design, and make available all forms necessary
9 to effectuate this section.

10 **SECTION 9.** A new section to chapter 57-02 of the North Dakota Century Code is created
11 and enacted as follows:

12 **Residential, agricultural, and commercial property valuation reduction -**

13 **Qualification - Certification - State reimbursement.**

14 1. A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's
15 residential property, agricultural property, or commercial property as provided in this
16 section. The reduction is equal to:

17 a. For residential property, two and three-fourths percent of the assessed value of
18 the property.

19 b. For agricultural property and commercial property, one and one-half percent of
20 the assessed value of the property.

21 2. The reduction under this section must be applied before other credits under this
22 chapter.

23 3. Persons who are co-owners of the property but who are not spouses or dependents
24 each are entitled to a percentage of a full reduction under subsection 1 equal to their
25 ownership interests in the property.

26 4. Determinations of eligibility for a reduction under this section may be appealed through
27 the equalization and abatement process.

28 5. The county auditor shall apply the reduction under this section on the corresponding
29 property tax or mobile home tax statement.

30 6. This section does not reduce the liability of any owner for special assessments levied
31 upon any property.

- 1 7. A reduction of taxable valuation under this section may not be applied to reduce the
2 taxable valuation used for purposes of determining the amount subtracted from a
3 school district's state aid payment under subdivision a of subsection 4 of section
4 15.1-27-04.1.
- 5 8. Before January fifteenth of each year after 2025, the county auditor of each county
6 shall certify to the tax commissioner, on forms prescribed by the tax commissioner, the
7 following information applicable to the preceding taxable year for property taxed as
8 real estate under this title and the current taxable year for property taxed as a mobile
9 home under chapter 57-55:
- 10 a. The full name, address, and social security or taxpayer identification number of
11 each individual or entity for whom the reduction under this section was allowed
12 for the corresponding taxable year;
- 13 b. The legal description of the property;
- 14 c. The taxable value of the property;
- 15 d. The dollar amount of each reduction in taxable value allowed;
- 16 e. The total of the tax mill rates used to calculate taxes for the corresponding year
17 of all taxing districts in which the property was contained, exclusive of any state
18 mill rates; and
- 19 f. Any other information prescribed by the tax commissioner.
- 20 9. By March fifteenth of each year after 2025, the tax commissioner shall:
- 21 a. Review the certifications under subsection 8, make any required corrections, and
22 certify to the state treasurer for payment to each county the sum of the amounts
23 computed by:
- 24 (1) Multiplying the reduction allowed for each parcel of residential property,
25 agricultural property, and commercial property taxed as real estate under
26 this title in the county for the preceding taxable year by the total of the tax
27 mill rates for the preceding taxable year of all taxing districts in which the
28 property was located.
- 29 (2) Multiplying the reduction allowed for each parcel of residential property and
30 commercial property taxed as a mobile home under chapter 57-55 in the
31 county for the current taxable year by the total of the tax mill rates used to

1 calculate mobile home taxes under chapter 57-55 for the current taxable
2 year of all taxing districts in which the property was located.

3 b. Certify annually to the state treasurer for deposit in the state medical center fund
4 the amount computed by multiplying one mill times the reduction allowed under
5 this section for all parcels of residential property, agricultural property, and
6 commercial property in the state for:

7 (1) The preceding taxable year for property taxed as real estate under this title.

8 (2) The current taxable year for property taxed as a mobile home under chapter
9 57-55.

10 10. Within fourteen days of receiving the payment from the state treasurer, the county
11 treasurer shall apportion and distribute the payment without delay to the county and to
12 the taxing districts of the county on the same basis property taxes under this chapter
13 and mobile home taxes under chapter 57-55 were apportioned and distributed for the
14 taxable year in which the taxes were levied.

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

20 12. The tax commissioner shall prescribe, design, and make available all forms necessary
21 to effectuate this section.

22 13. For purposes of this section:

23 a. "Commercial property" means commercial property as defined under section
24 57-02-01 and mobile homes used for commercial purposes and taxed under
25 chapter 57-55.

26 b. "Residential property" means residential property as defined under section
27 57-02-01 and mobile homes used for residential purposes and taxed under
28 chapter 57-55.

29 **SECTION 10.** A new section to chapter 57-02 of the North Dakota Century Code is created
30 and enacted as follows:

Limitation on taxable valuation increases - Voter approval of excess levy authority.

1. Notwithstanding any other provision of law, the taxable valuation on any parcel of taxable property may not exceed by more than three percent the amount of the taxable valuation on that parcel of taxable property in the preceding taxable year, except to the extent improvements to the property have been made which were not included in the taxable valuation of the property in the preceding taxable year. The limitation in this section applies regardless of a sale, transfer, or other change in ownership of the property.

~~2. Taxable valuations exceeding the limitations under subsection 1 may be imposed upon approval of a ballot measure, stating the proposed maximum allowable percentage increase in taxable valuation, by a majority of the qualified electors of the taxing district voting on the question at a statewide general or primary election.~~
Taxable valuations exceeding the limitations under subsection 1 may be approved by electors, a taxing district may increase the taxing district's maximum mill levy authority above the levy limitations under chapter 57-15 or the levy limitations authorized pursuant to home rule authority under chapter 11-09.1 or 40-05.1 for not more than six taxable years at a time. The ballot must specify the number of mills proposed for approval, the intended purpose for the proposed excess mill levy, and the number of years for which the approval is to apply.

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

SECTION 11. A new subdivision to subsection 1 of section 57-55-10 of the North Dakota Century Code is created and enacted as follows:

If it is owned by a taxpayer that qualifies for the valuation reduction under section 9 of this Act, to the extent to which the taxpayer is entitled to the reduction.

SECTION 12. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 13. REPEAL. Section 57-02-08.9 of the North Dakota Century Code is repealed.

SECTION 14. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY

PROPERTY TAX RELIEF FUND - TAX COMMISSIONER.

1 1. There is appropriated out of any moneys in the general fund in the state treasury, not
2 otherwise appropriated, the sum of \$85,001,793, which the office of management and
3 budget shall transfer to the legacy property tax relief fund, during the biennium
4 beginning July 1, 2025, and ending June 30, 2027. For legislative council budget
5 status reporting purposes, the transfer under this subsection is considered an ongoing
6 funding item.

7 2. There is appropriated out of any moneys in the legacy property tax relief fund, not
8 otherwise appropriated, the sum of \$483,400,000, or so much of the sum as may be
9 necessary, to the tax commissioner for the state reimbursement of the residential
10 property, agricultural property, and commercial property taxable valuation reduction for
11 the biennium beginning July 1, 2025, and ending June 30, 2027. Of the \$483,400,000,
12 \$85,001,793 is from the general fund pursuant to subsection 1, and \$398,398,207 is
13 from the legacy earnings fund.

14 **SECTION 15. EFFECTIVE DATE.** Sections 6, 7, 9, 10, 11, and 13 of this Act are effective
15 for taxable years beginning after December 31, 2024.

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1575
2/21/2025

A BILL for an Act to create and enact two new sections to chapter 54-27, two new sections to chapter 57-02, and a new subdivision to subsection 1 of section 57-55-10 of the North Dakota Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a state reimbursed taxable valuation reduction for residential, agricultural, and commercial property, limitations on taxable valuation increases, and voter-approved excess levy authority; to amend and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, section 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 section 57-02-08.10, of the North Dakota Century Code, relating to funds invested by the state investment board, the homestead tax credit and renters refund, and the primary residence credit certification and state reimbursement; to repeal sections 21-10-12, 21-10-13, and 57-02-08.9 of the North Dakota Century Code, relating to legacy fund definitions, the legacy earnings fund, and the primary residence credit; to provide an appropriation; to provide for a transfer; to provide an effective date; and to provide an expiration date.

6:35 p.m. Chairman Vigesaa opened the meeting.

Members Present: Chairman Vigesaa, Representatives 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

6:36 p.m. Representative Stemen moved to Amend LC #25.1283.02001 and previous testimony #38311.

6:36 p.m. Representative J. Nelson seconded the motion.

6:36 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

6:36 p.m. Motion passed 18-1-4.

6:37 p.m. Representative O'Brien moved a Do Pass as Amended.

6:37 p.m. Representative Monson seconded the motion.

6:40 p.m. Roll Call Vote

Representatives	Vote
Representative Don Vigasaa	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

House Appropriations Committee

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6:40 p.m. Motion Passed 18-1-4. Representative Dockter will carry.

6:40 p.m. Chairman Vigesaa closed the meeting.

Krystal Eberle for Risa Berube, Committee Clerk

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

ENGROSSED HOUSE BILL NO. 1575

Introduced by

Representatives Weisz, Beltz, Dockter, Dressler, Hagert, Headland, Kempenich

Senators Klein, Schaible, Thomas

2-24-25
JB 10810

1 A BILL for an Act to create and enact two new sections to chapter 54-27, two new sections to
2 chapter 57-02, and a new subdivision to subsection 1 of section 57-55-10 of the North Dakota
3 Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a state
4 reimbursed taxable valuation reduction for residential, agricultural, and commercial property,
5 ~~and limitations on taxable valuation increases without voter approval, and voter-approved~~
6 excess levy authority; to amend and reenact section 6-09.4-10.1, subsection 1 of section
7 21-10-06, section 54-27-19.3, subdivision c of subsection 1 of section 57-02-08.1, subdivision b
8 of subsection 2 of section 57-02-08.1, and section 57-02-08.10, of the North Dakota Century
9 Code, relating to funds invested by the state investment board, the homestead tax credit and
10 renters refund, and the primary residence credit certification and state reimbursement; to repeal
11 sections 21-10-12, 21-10-13, and 57-02-08.9 of the North Dakota Century Code, relating to
12 legacy fund definitions, the legacy earnings fund, and the primary residence credit; to provide
13 an appropriation; to provide for a transfer; to provide an effective date; and to provide an
14 expiration date.

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 ~~21-10-134~~ 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 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 5 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.

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 4 of this Act and all moneys transferred to the fund by the legislative assembly.

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 thousand~~ 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 thousand~~ fifty thousand dollars and not in excess of ~~seventy thousand~~ 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 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

1 general fund for that amount in excess of four percent of the person's annual
2 income, but the refund may not be in excess of ~~four hundred~~ six hundred dollars.
3 If the calculation for the refund is less than five dollars, a minimum of five dollars
4 must be sent to the qualifying applicant.

5 **SECTION 8. AMENDMENT.** Section 57-02-08.10 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **57-02-08.10. Primary residence credit - Certification - Distribution. (Effective through**
8 **~~June 30, 2026~~ August 1, 2025)**

- 9 1. By June first of each year ~~2025~~, the tax commissioner shall:
- 10 a. Review the applications received under section 57-02-08.9, as it existed on
11 December 31, 2024, and determine which applicants qualify for the credit allowed
12 under section 57-02-08.9, as it existed on December 31, 2024; and
- 13 b. Provide to each county auditor:
- 14 (1) A copy of each approved application under subdivision a which identifies a
15 primary residence located in the county; and
- 16 (2) The sum of the credits allowed under section 57-02-08.9, as it existed on
17 December 31, 2024, in the county for the current taxable year.
- 18 2. The county auditor shall apply the credit under section 57-02-08.9, as it existed on
19 December 31, 2024, to each primary residence identified by the tax commissioner as
20 a qualifying primary residence on the corresponding property tax statement.
- 21 3. ~~By January first of each year, the county auditor shall certify to the tax commissioner~~
22 ~~the sum of the credits approved by the tax commissioner under subsection 1 which~~
23 ~~were applied toward property taxes owed on primary residences in the county for the~~
24 ~~preceding year.~~
- 25 4. By June first of each year ~~after 2024~~ 2025, the tax commissioner shall review a
26 sampling of information provided by the county auditor to verify the accuracy of the
27 application of the credit and certify to the state treasurer for payment to each county
28 the aggregate dollar amount of credits allowed under section 57-02-08.9, as it existed
29 on December 31, 2024, in each county for the preceding year.
- 30 ~~5.4.~~ Within fourteen days of receiving the payment from the state treasurer, but no later
31 than June thirtieth of each year ~~after 2024~~ 2025, the county treasurer shall apportion

1 and distribute the payment to the county and to the taxing districts of the county on the
2 same basis as property taxes for the preceding year were apportioned and distributed.

3 ~~6-5.~~ Supplemental certifications by the county auditor and the tax commissioner and
4 supplemental payments by the state treasurer may be made after the dates prescribed
5 in this section to make corrections necessary because of errors.

6 ~~7-6.~~ The county auditors shall provide information requested by the tax commissioner to
7 effectuate this section.

8 ~~8-7.~~ The tax commissioner shall prescribe, design, and make available all forms necessary
9 to effectuate this section.

10 **SECTION 9.** A new section to chapter 57-02 of the North Dakota Century Code is created
11 and enacted as follows:

12 **Residential, agricultural, and commercial property valuation reduction -**

13 **Qualification - Certification - State reimbursement.**

14 1. A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's
15 residential property, agricultural property, or commercial property as provided in this
16 section. The reduction is equal to:

17 a. For residential property, two and three-fourths percent of the assessed value of
18 the property.

19 b. For agricultural property and commercial property, one and one-half percent of
20 the assessed value of the property.

21 2. The reduction under this section must be applied before other credits under this
22 chapter.

23 3. Persons who are co-owners of the property but who are not spouses or dependents
24 each are entitled to a percentage of a full reduction under subsection 1 equal to their
25 ownership interests in the property.

26 4. Determinations of eligibility for a reduction under this section may be appealed through
27 the equalization and abatement process.

28 5. The county auditor shall apply the reduction under this section on the corresponding
29 property tax or mobile home tax statement.

30 6. This section does not reduce the liability of any owner for special assessments levied
31 upon any property.

- 1 7. A reduction of taxable valuation under this section may not be applied to reduce the
2 taxable valuation used for purposes of determining the amount subtracted from a
3 school district's state aid payment under subdivision a of subsection 4 of section
4 15.1-27-04.1.
- 5 8. Before January fifteenth of each year after 2025, the county auditor of each county
6 shall certify to the tax commissioner, on forms prescribed by the tax commissioner, the
7 following information applicable to the preceding taxable year for property taxed as
8 real estate under this title and the current taxable year for property taxed as a mobile
9 home under chapter 57-55:
 - 10 a. The full name, address, and social security or taxpayer identification number of
11 each individual or entity for whom the reduction under this section was allowed
12 for the corresponding taxable year;
 - 13 b. The legal description of the property;
 - 14 c. The taxable value of the property;
 - 15 d. The dollar amount of each reduction in taxable value allowed;
 - 16 e. The total of the tax mill rates used to calculate taxes for the corresponding year
17 of all taxing districts in which the property was contained, exclusive of any state
18 mill rates; and
 - 19 f. Any other information prescribed by the tax commissioner.
- 20 9. By March fifteenth of each year after 2025, the tax commissioner shall:
 - 21 a. Review the certifications under subsection 8, make any required corrections, and
22 certify to the state treasurer for payment to each county the sum of the amounts
23 computed by:
 - 24 (1) Multiplying the reduction allowed for each parcel of residential property,
25 agricultural property, and commercial property taxed as real estate under
26 this title in the county for the preceding taxable year by the total of the tax
27 mill rates for the preceding taxable year of all taxing districts in which the
28 property was located.
 - 29 (2) Multiplying the reduction allowed for each parcel of residential property and
30 commercial property taxed as a mobile home under chapter 57-55 in the
31 county for the current taxable year by the total of the tax mill rates used to

1 calculate mobile home taxes under chapter 57-55 for the current taxable
2 year of all taxing districts in which the property was located.

3 b. Certify annually to the state treasurer for deposit in the state medical center fund
4 the amount computed by multiplying one mill times the reduction allowed under
5 this section for all parcels of residential property, agricultural property, and
6 commercial property in the state for:

7 (1) The preceding taxable year for property taxed as real estate under this title.

8 (2) The current taxable year for property taxed as a mobile home under chapter
9 57-55.

10 10. Within fourteen days of receiving the payment from the state treasurer, the county
11 treasurer shall apportion and distribute the payment without delay to the county and to
12 the taxing districts of the county on the same basis property taxes under this chapter
13 and mobile home taxes under chapter 57-55 were apportioned and distributed for the
14 taxable year in which the taxes were levied.

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

20 12. The tax commissioner shall prescribe, design, and make available all forms necessary
21 to effectuate this section.

22 13. For purposes of this section:

23 a. "Commercial property" means commercial property as defined under section
24 57-02-01 and mobile homes used for commercial purposes and taxed under
25 chapter 57-55.

26 b. "Residential property" means residential property as defined under section
27 57-02-01 and mobile homes used for residential purposes and taxed under
28 chapter 57-55.

29 **SECTION 10.** A new section to chapter 57-02 of the North Dakota Century Code is created
30 and enacted as follows:

Limitation on taxable valuation increases - Voter approval of excess levy authority.

1. Notwithstanding any other provision of law, the taxable valuation on any parcel of taxable property may not exceed by more than three percent the amount of the taxable valuation on that parcel of taxable property in the preceding taxable year, except to the extent improvements to the property have been made which were not included in the taxable valuation of the property in the preceding taxable year. The limitation in this section applies regardless of a sale, transfer, or other change in ownership of the property.
2. ~~Taxable valuations exceeding the limitations under subsection 1 may be imposed upon approval of a ballot measure, stating the proposed maximum allowable percentage increase in taxable valuation, by a~~ lf approved by a majority of the qualified electors of thea taxing district voting on the question at a statewide general or primary election. ~~Taxable valuations exceeding the limitations under subsection 1 may be approved by electors, a taxing district may increase the taxing district's maximum mill levy authority above the levy limitations under chapter 57-15 or the levy limitations authorized pursuant to home rule authority under chapter 11-09.1 or 40-05.1 for not more than six taxable years at a time. The ballot must specify the number of mills proposed for approval, the intended purpose for the proposed excess mill levy, and the number of years for which the approval is to apply.~~
3. A city or county may not supersede or modify the application of this section under home rule authority.

SECTION 11. A new subdivision to subsection 1 of section 57-55-10 of the North Dakota Century Code is created and enacted as follows:

If it is owned by a taxpayer that qualifies for the valuation reduction under section 9 of this Act, to the extent to which the taxpayer is entitled to the reduction.

SECTION 12. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 13. REPEAL. Section 57-02-08.9 of the North Dakota Century Code is repealed.

**SECTION 14. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY
PROPERTY TAX RELIEF FUND - TAX COMMISSIONER.**

- 1 1. There is appropriated out of any moneys in the general fund in the state treasury, not
2 otherwise appropriated, the sum of \$85,001,793, which the office of management and
3 budget shall transfer to the legacy property tax relief fund, during the biennium
4 beginning July 1, 2025, and ending June 30, 2027. For legislative council budget
5 status reporting purposes, the transfer under this subsection is considered an ongoing
6 funding item.
- 7 2. There is appropriated out of any moneys in the legacy property tax relief fund, not
8 otherwise appropriated, the sum of \$483,400,000, or so much of the sum as may be
9 necessary, to the tax commissioner for the state reimbursement of the residential
10 property, agricultural property, and commercial property taxable valuation reduction for
11 the biennium beginning July 1, 2025, and ending June 30, 2027. Of the \$483,400,000,
12 \$85,001,793 is from the general fund pursuant to subsection 1, and \$398,398,207 is
13 from the legacy earnings fund.

14 **SECTION 15. EFFECTIVE DATE.** Sections 6, 7, 9, 10, 11, and 13 of this Act are effective
15 for taxable years beginning after December 31, 2024.

**REPORT OF STANDING COMMITTEE
ENGROSSED HB 1575**

Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS** ([25.1283.02001](#)) and when so amended, recommends **DO PASS** (18 YEAS, 1 NAY, 4 ABSENT OR EXCUSED AND NOT VOTING). HB 1575 was placed on the Sixth order on the calendar.

2025 SENATE FINANCE AND TAXATION

HB 1575

2025 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1575
3/11/2025

Relating to legacy fund definitions, the legacy earnings fund, and the primary residence credit; to provide an appropriation; to provide for a transfer; to provide an effective date; and to provide an expiration date.

9:00 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:

- Voter approved mill levy
- Breakdown of proposed tax relief by property class
- Existing production formula for agricultural property
- Value caps

9:02 a.m. Representative Weisz, District 14, introduced HB 1575, testified in favor and submitted testimony #40467.

9:22 a.m. Representative Dressler, District 36, testified in favor and submitted testimony #40308.

9:31 a.m. Parrell Grossman, Legislative Director, North Dakota Soybean Growers Association, testified in favor and submitted testimony #40412.

9:34 a.m. Pete Hanebutt, Director of Public Policy, North Dakota Farm Bureau, testified in favor.

9:44 a.m. Arik Spencer, President, Greater North Dakota Chamber, testified in favor.

9:45 a.m. Lance Gaebe, Policy Strategist, North Dakota Farmers Union, testified in favor and submitted testimony #40410.

9:55 a.m. Julie Ellingson, Executive Vice President, North Dakota Stockmens Association, testified in favor.

9:59 a.m. Lesley Icenogle, Lobbyist, North Dakota Corn Growers Association, testified in favor and submitted testimony #40452.

10:00 a.m. Amy McBeth, Director of Public Affairs, BNSF Railway, testified in favor and submitted testimony #40501.

10:02 a.m. Robert Wilson, County Administrator, Cass County Government, testified in favor and submitted testimony #40311.

10:09 a.m. Zachary Smith, Director of Communications and Government Relations, ND Association of Rural Electric Cooperatives, testified in favor.

10:13 a.m. Matt Voltz, Finance Director, City of Horace, testified in favor and submitted testimony #40408.

10:20 a.m. Levi Andrist, Lobbyist, GA Group, testified in favor.

10:21 a.m. Aaron Birst, Executive Director, NDACo, testified in favor.

10:27 a.m. Matt Gardner, Executive Director, ND League of Cities, testified in favor.

10:35 a.m. Joe Hirschfeld, City Assessor, City of Dickinson, testified neutral and submitted testimony #40150.

Additional written testimony:

Robin Nelson, Legislative Spokesperson, Fargo Board of Education, submitted written testimony in neutral #39702.

Gordon Greenstein submitted written testimony in opposition #40249.

Doug Pearson submitted written testimony in opposition #40316.

10:37 a.m. Chairman Weber closed the hearing.

Chance Anderson, Committee Clerk

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

Neutral Testimony for: House Bill 1575
Senate Finance and Taxation Committee
 March 11, 2025
 Prepared by: Joe Hirschfeld, Assessor for City of Dickinson

House Bill 1575

Chairman Weber & members of the Senate Finance and Taxation Committee:

My name is Joe Hirschfeld and I am the Dickinson City Assessor.

I watched the testimony regarding HB 1534 and do not want to duplicate the testimony of my fellow Assessors and Tax Directors where these two bills overlap. Rather, my intent is to bring awareness to likely scenarios this bill will create.

My first concern regarding HB 1575, or any Bill capping the taxable value, is the date of impact. The bill indicates December 31, 2024. As a reminder, the assessment date is February 1. The values are derived from the sales that occurred in the prior year. So, a December 31, 2024 date essentially uses values set by the local Board of Equalization in April of 2024, derived from the sales in 2023, all for houses that are completed on February 1, 2025. Be aware that jurisdictions are currently sending out Notice of Increase letters with a different date for True and Full value and steps will need to be taken immediately following the Board's of Equalization this spring to set capped values on last year's True and Full value, and not the current values going out. If this is not the intent, to set a 2023 base year value on 2025 new and significantly improved construction, further clarification is needed.

Secondly, as I understand the potential impacts of the 3% cap, my take on all of the testimony before both houses is: assessments for True and Full value for the purpose of "bonded debt" will continue as it has. Therefore, incorporating a cap to the Taxable value will require a parallel valuation to be completed. Where Mass Appraisal is used to complete valuations for True and Full value, a process will need to be put into place to manage caps. While assessment staff can go into most parcel records to add a cap of 3%, values will have to be tracked and *manually* calculated for "significant improvements". The more manual "touches" the more opportunities for an error and inequities.

The City of Dickinson has 10,500 parcels. In calculating a theoretical 5% market increase to commercial and an 8% increase to residential, a quick table adjustment and the push of a button allows for that part of the work to be done in a very short amount of time. To then go in and make a capped adjustment (3%), would take as long to complete for each individual parcel as it would the prior mentioned wholesale change, and then times 10,500 parcels. That is with current Computer Aided Mass Appraisal (CAMA) software. It is unknown whether the software company would make changes to assist North Dakota users to run parallel values as North Dakota is only one of several states that has a significant number of jurisdictions they are vendors for (referencing Vanguard's CamaVision users).

I have included two charts below to show future concerns of using caps:

Figure 1.

Year	1	5	10	400sf Addn
T&F	\$50,000	\$93,694	\$205,420	\$285,420
Capped	\$50,000	\$56,275	\$65,239	\$285,420

This chart simply shows the True and Full value and the Taxable value of a single property. I picked a simple house from the Original Plat of Dickinson and applied an annual average increase of 17%, the actual increase from this neighborhood. It shows a \$50,000 purchase price and after 10 years a new True and Full value, and

likely sale price of \$205,000. Compare that to the capped Taxable value, adjusted back to a capped corresponding “True and Full” value. At the end of the 10-year period, the hypothetical owner builds a 400 sq. ft addition at a cost of \$200/sq. ft. Assuming that corresponds to an equal amount of added value, the new True and Full value would be \$285,400. As that would be a significant improvement, the taxable value would then correspond to that figure. Now we have to try to explain the increase in taxes to the home owner, who’s tax base jumped to a corresponding increase of \$220,000 instead of the \$80,000 value of the addition.

Figure 2.

Year	1	5	10
T&F	\$50,000	\$143,694	\$315,042
Capped	\$50,000	\$56,275	\$65,239
Improved	\$50,000	\$106,275	\$123,202

In this chart, I use the example house in Figure 1., without the addition at the end of 10 years. It does, however, include a need to add windows, siding and a roof with an estimated cost/value increase of \$50,000. This was done in year 5 and is considered a significant improvement, with a corresponding increase of \$50,000 to the year 5 True and Full value.

In this chart, \$50,000 was added to the capped value in year 5 as well. I want to include the Hypothetical Condition that the home in the “capped” line is identical to the house in the improved line. That the home owner in the “capped” line added siding in year 4 as a “non-significant” improvement, and likewise the windows and roof in separate years. As those could be considered as “non-significant” it would not trigger a value increase of more than the capped amount. So, at the end of the period, both houses have similar updates to roof, siding and windows, however only one house was “dinged” for it being a significant improvement and would likely stand as having an inequitable value.

I want to include the additional complexity of the Assessment office completing their work in a 5 to 7-year cycle for True and Full value and not being aware of which house received a significant improvement in one year and which house spread it out over several years, as these improvements may not require a permit. This would then likely trigger a protest by the “capped” homeowner, stating that they did not complete any significant improvements in any single year and by the second homeowner, who has made the same changes as his neighbor, but is paying more in taxes.

Esteemed committee members, thank you for your work on this committee and allowing my testimony.

Respectfully submitted,

JOE HIRSCHFELD
CITY ASSESSOR
ASSESSING

Tel: 701.456.7744 O: 701.456.7734
Joe.Hirschfeld@dickinsongov.com



HB 1575

Senate Finance and Taxation

Chairman Weber and Committee Members

I urge a Do Not Pass on HB 1575. You need to flush this bill down the toilet, it is not worth the paper that it is printed on. We were told by many of the North Dakota Legislators that we would get REAL REFORM and REAL RELIEF. These same Legislators said that they heard us loud and clear, evidently you have NOT heard us loud and clear. As Governor Armstrong has said, this has been done before. Doing the same thing over and over and expecting a different result. Flush this bill down the toilet. You as legislators should have done property tax reform and relief FIRST. Then, I guess you can spend our hard earned money on your unlawful and unconstitutional pet projects and handouts. I strongly urge a Do Not Pass HB 1575, which does nothing to help the property owner.

Thank You, Gordon Greenstein

US Navy (Veteran)

US Army-NDNG (Retired)

HB 1575 Support, Senate Finance & Tax, 3/11/2025

Mr. Chairman and members of the Senate Finance and Tax Committee, my name is Ty Dressler and I represent District 36 in the House. District 36 stretches from Dickinson to just east of New Salem.

As you may have heard, House Finance and Tax was busy this year, as I'm sure you were as well. One thing that stood out to me, though, was that HB 1575 did NOT receive any testimony in opposition during committee meetings.

HB 1575 provides broad-based, equitable, and consistent tax relief. It addresses more than only primary residences. It provides an opportunity to drop the assessment rates on residential, commercial, AND Agricultural properties.

RE: Commercial, this would bring relief to many of the businesses out west that have provided for the development of our oil and gas resources and therefore helped to grow the very fund we are using to provide this tax relief. But the benefit doesn't stop with just western ND oil companies, it will provide help to all our commercially taxed properties in our state, from small-town mainstreet to downtown Fargo.

RE: Agriculture, Agriculture contributes over \$40 Billion dollars to the state's economy and many tens of thousands of jobs in our communities. In 42 of our 53 counties, agricultural property taxes EXCEED residential property taxes. In 30 of these counties, Ag property accounts for more than half of all property taxes collected. How can we ignore this class of property? Isn't the Legacy Fund a People's Fund? Why wouldn't we choose an equitable manner of distribution of benefits to ALL the people?

When providing property tax relief, we need to look at an all-of-the-above approach. If we choose only one class of property and buy that class down to zero, where does that leave us when considering bond referendums for new projects like schools or community centers? If those receiving a primary residence tax credit get to a zero-tax liability, why wouldn't they vote for the new school or new community center? For a couple extra bucks a month, they

could have a new, shiny building in their town. And who will be left footing the bill? Agriculture.....the farmers and ranchers of this state, who didn't get any additional tax breaks from the 69th assembly.

Property tax IS like a three-legged stool, and good luck balancing when we cut one of those legs in half.....Please vote DO PASS on HB 1575 and send the message to the floor of the Senate, that ALL CORNERS.....OUR ENTIRE state has spoken and they wish to see broad-based tax relief supporting not only the residential property owner, but also the economic drivers of our state, Ag and Commercial, that make it a great place to live.

Finally, if Primary Residence Tax Credits is something we wish to do, let's look for compromise. We could take \$1,000 of PRC from HB 1176, drop Ag and Commercial from 10 to 8.5% like in HB 1575, and use the 10 mills from HB 1168. Then, we could work thru the interim to further examine the effects of each plan and settle into a good, equitable plan for the future, being careful not to tip the scales too far in one direction, or fall off our stools.

Thank you, Mr. Chairman.

**Board of County
Commissioners**

Tony Grindberg
Duane Breitling
Tim Flakoll
Jim Kapitan
Joel Vettel



PO Box 2806
211 Ninth Street South
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 1575 & 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

Senate Finance and Taxation Committee

I strongly oppose HB1575, please vote NO.

Thanks Doug

Testimony in Support of HB 1575

March 11, 2025

Chairman Weber, Vice Chairman Rummel, members of the Senate Finance and Taxation Committee,

My name is Matt Voltz, and I am the Finance Director for the City of Horace. Thank you for allowing me this opportunity to testify in support of House Bill 1575.

It's evident that reform and relief is imperative this session. Horace is a unique city in North Dakota in that we are growing at a rapid pace, projected to grow around 400% from 2020 levels to 2030.

HB 1575 addresses the reform portion of this objective, and it's one that we can support. It places a 3% cap on increased valuation each year, which will limit the amount of property tax that could be levied. Residents will be able to rest assured that they won't be hit with a sudden 15% increase in valuation, while local control is maintained by the governing bodies our residents elect.

Each year at our Tax Equalization Meeting, the Horace City Council expresses concern about the increases in valuation. This bill addresses those concerns with the proposed cap. Additionally, this helps all property owners, especially our agricultural landowners, with lowering the taxable assessed values on a percentage basis, which provides the relief.

To make the relief portion even stronger and widespread, we encourage you to consider including the relief efforts introduced in HB 1176, the primary residence credit that is proposed to begin this biennium at \$1,450.

Thank you again for your time.

Sincerely,

Matt Voltz

Finance Director

Horace ND



Contact:
Lance Gaebe, Lobbyist
lgaebe@ndfu.org | 701 952-0103

**Testimony of Lance Gaebe
North Dakota Farmers Union
In Support of HB 1575
Senate Finance and Tax Committee
March 11, 2025**

Chairman Weber and members of the Finance and Taxation Committee,

Thank you for the opportunity to testify on House Bill No. 1575. I am Lance Gaebe, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members. NDFU supports HB 1575.

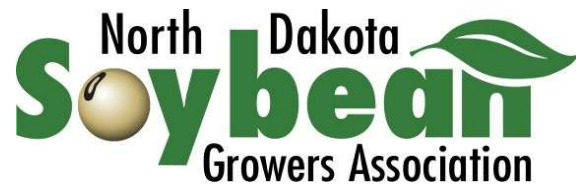
During our most recent annual convention, NDFU's members approved a special order of business declaring property tax relief and reform as our top priority for this legislative session. That special order of business supports a combination of targeted residential tax reductions and broad-based relief.

House Bill 1575 proposes a reduction in the taxable valuation formula, which would provide relief to homeowners, agricultural producers, and commercial property owners. The legislation provides a 30% reduction in taxable values for residential property owners and a 15% reduction for agricultural and commercial property owners.

As you know, residential property owners pay roughly 45% of all property tax collections in the state, excluding special assessments. However, the property tax burden is distributed differently in different regions of our state. As we have shared previously, agricultural property owners pay over half the property taxes in 30 North Dakota counties. We believe HB 1575 strikes a good balance, providing broad-based relief, including for agricultural property, with a strong focus on residential property.

Our members also support efforts to slow the growth in the local property tax burden. However, we are concerned about the negative impact of caps, particularly in rural communities and political subdivisions with smaller budgets. We think HB 1575, which establishes caps on taxable valuations, is a worthy part of the discussion. We also continue to be strong advocates for investments in rural infrastructure in services to mitigate any restriction on local budgets.

Thank you for the opportunity to testify in support of HB 1575. We look forward to working with you to provide meaningful property tax relief for all North Dakotans. I will stand for any questions.



HOUSE BILL NO. 1575
SENATE FINANCE AND TAX COMMITTEE
MARK WEBER, CHAIR
TESTIMONY IN SUPPORT OF ENGROSSED HOUSE BILL 1575

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 Engrossed House Bill 1575.

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 Committee is aware of 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 House passed Engrossed Bill Nos. 1168, 1176, and 1575 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 certainly are aware that, with the recent defeat of Measure 4 in the rearview mirror, property owners are expecting property tax relief. Most, if not all, citizens with primary residences are expecting the primary residence property tax credit that the Governor and many legislators promised.

The Association appreciates that you will want to, and should, deliver this tax credit. 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. You probably know some of these people in your own neighborhoods or areas. You might call some of these Elmer, Martha, Betsy, Robert or Uncle Joe. You probably recognize some of these people as the hardest working people in North Dakota. Some of these landowners might have significant land and others might be facing huge debt because of their machinery, livestock costs, or low crop prices. Maybe it's a young couple who bought land from their parents or a neighbor. Maybe the exact circumstances or situations don't matter.

Maybe all that is important is that it is a matter of fairness, and these agricultural landowners are entitled to property tax relief just as the city dwellers with their primary residence credits.

It is terrific that legislators this session are working to provide monies for rural roads and bridges. Is it "either or?" It doesn't seem it should be so. These rural residents are entitled to good roads and bridges just as the residents of North Dakota cities, who likely are getting some property tax relief.

The Association supports House Bill 1575 because it provides relief to primary residential, agricultural, and commercial property owners and that seems fair and appropriate.

The Association also would be happy for the property tax relief provided in House Bill No. 1168, because it provides relief to all categories of property owners including residential, agricultural, commercial, and centrally-assessed. Further, House Bill 1168 would complement House Bill No. 1176 if it is enacted, possibly with some adjustments.

For the reasons stated, the Association respectfully asks the Senate Finance and Taxation Committee to give Engrossed House Bill 1575 a "Do Pass" recommendation.

Thank you for your consideration and I will try to answer any questions.



In Favor of HB 1575
Senate Finance and Taxation
March 11, 2025

Chairman Weber and Committee members:

For the record, my name is Lesley Icenogle. Thank you for the opportunity to testify on behalf of the North Dakota Corn Growers Association (NDCGA) in favor of House Bill 1575.

NDCGA supports broad-based relief for North Dakota taxpayers. HB 1575 accomplishes this through taxable valuation reductions for residential, agricultural, and commercial property owners. All classes of property owners will have a stake in future property tax increases and bond issues.

NDCGA urges your favorable consideration of HB 1575 to provide meaningful and sustainable property tax relief. Thank you, and I will stand for questions.

25.1283.03001
Title.

Prepared by the Legislative Council
staff for Representative Weisz
March 10, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO SECOND ENGROSSMENT

REENGROSSED HOUSE BILL NO. 1575

Introduced by

Representatives Weisz, Beltz, Dockter, Dressler, Hagert, Headland, Kempenich

Senators Klein, Schaible, Thomas

1 A BILL for an Act to create and enact two new sections to chapter 54-27, two new sections to
2 chapter 57-02, and a new subdivision to subsection 1 of section 57-55-10 of the North Dakota
3 Century Code, relating to a legacy earnings fund, a legacy property tax relief fund, a state
4 reimbursed taxable valuation reduction ~~for residential, agricultural, and commercial property,~~
5 ~~limitations on taxable valuation increases~~, and voter-approved excess levy authority; to amend
6 and reenact section 6-09.4-10.1, subsection 1 of section 21-10-06, section 54-27-19.3,
7 subdivision c of subsection 1 of section 57-02-08.1, subdivision b of subsection 2 of section
8 57-02-08.1, and section 57-02-08.10, of the North Dakota Century Code, relating to funds
9 invested by the state investment board, the homestead tax credit and renters refund, and the
10 primary residence credit certification and state reimbursement; to repeal sections 21-10-12,
11 21-10-13, and 57-02-08.9 of the North Dakota Century Code, relating to legacy fund definitions,
12 the legacy earnings fund, and the primary residence credit; to provide an appropriation; to
13 provide for a transfer; to provide an effective date; and to provide an expiration date.

14 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

17 **6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public**
18 **finance authority.**

19 There is created in the state treasury the legacy sinking and interest fund. The fund consists
20 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 21-10-134 of this Act. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:

- 1 1. Sixty percent must be transferred to the department of transportation for deposit in the
- 2 state highway fund;
- 3 2. Ten percent must be transferred to the legacy earnings township highway aid fund;
- 4 3. One and five-tenths percent must be transferred to the public transportation fund; and
- 5 4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the
- 6 formula established in subsection 4 of section 54-27-19. Moneys received by counties
- 7 and cities must be used for roadway purposes in accordance with section 11 of
- 8 article X of the Constitution of North Dakota.

9 **SECTION 4.** A new section to chapter 54-27 of the North Dakota Century Code is created
10 and enacted as follows:

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

- 12 1. There is created in the state treasury the legacy earnings fund. The fund consists of all
- 13 moneys distributed by the state treasurer from the legacy fund pursuant to section 26
- 14 of article X of the Constitution of North Dakota. The distribution from the legacy fund
- 15 on July first of each odd-numbered year must be equal to seven percent of the
- 16 five-year average value of the legacy fund balance as reported by the state investment
- 17 board. The average value of the legacy fund balance must be calculated using the
- 18 fund balance at the end of each fiscal year for the five-year period ending with the
- 19 most recently completed even-numbered fiscal year.
- 20 2. From the amount distributed to the legacy earnings fund under subsection 1, the state
- 21 treasurer shall allocate funding in July of each odd-numbered year in the following
- 22 order:
 - 23 a. The first one hundred two million six hundred twenty-four thousand dollars or an
 - 24 amount equal to the amount appropriated from the legacy sinking and interest
 - 25 fund for debt service payments for a biennium, whichever is less, to the legacy
 - 26 sinking and interest fund under section 6-09.4-10.1.
 - 27 b. The next one hundred million dollars to the legacy earnings highway distribution
 - 28 fund for allocations under section 54-27-19.3.
 - 29 c. The remaining amount to the legacy property tax relief fund under section 5 of
 - 30 this Act.

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

3 **Legacy property tax relief fund.**

4 There is created in the state treasury the legacy property tax relief fund. The fund consists
5 of all moneys allocated to the fund under section 4 of this Act and all moneys transferred to the
6 fund by the legislative assembly.

7 **SECTION 6. AMENDMENT.** Subdivision c of subsection 1 of section 57-02-08.1 of the
8 North Dakota Century Code is amended and reenacted as follows:

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

- 10 (1) If the person's income is not in excess of ~~forty thousand~~ fifty thousand
11 dollars, a reduction of one hundred percent of the taxable valuation of the
12 person's homestead up to a maximum reduction of nine thousand dollars of
13 taxable valuation.
- 14 (2) If the person's income is in excess of ~~forty thousand~~ fifty thousand dollars
15 and not in excess of ~~seventy thousand~~ eighty thousand dollars, a reduction
16 of fifty percent of the taxable valuation of the person's homestead up to a
17 maximum reduction of four thousand five hundred dollars of taxable
18 valuation.

19 **SECTION 7. AMENDMENT.** Subdivision b of subsection 2 of section 57-02-08.1 of the
20 North Dakota Century Code is amended and reenacted as follows:

- 21 b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of
22 any federal rent subsidy and of charges for any utilities, services, furniture,
23 furnishings, or personal property appliances furnished by the landlord as part of
24 the rental agreement, whether expressly set out in the rental agreement, must be
25 considered as payment made for property tax. When any part of the twenty
26 percent of the annual rent exceeds four percent of the annual income of a
27 qualified applicant, the applicant is entitled to receive a refund from the state
28 general fund for that amount in excess of four percent of the person's annual
29 income, but the refund may not be in excess of ~~four hundred~~ six hundred dollars.
30 If the calculation for the refund is less than five dollars, a minimum of five dollars
31 must be sent to the qualifying applicant.

SECTION 8. 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~~ August 1, 2025)

1. By June first of ~~each year~~ 2025, the tax commissioner shall:
 - a. Review the applications received under section 57-02-08.9, as it existed on December 31, 2024, and determine which applicants qualify for the credit allowed under section 57-02-08.9, as it existed on December 31, 2024; and
 - b. Provide to each county auditor:
 - (1) A copy of each approved application under subdivision a which identifies a primary residence located in the county; and
 - (2) The sum of the credits allowed under section 57-02-08.9, as it existed on December 31, 2024, in the county for the current taxable year.
2. The county auditor shall apply the credit under section 57-02-08.9, as it existed on December 31, 2024, to each primary residence identified by the tax commissioner as a qualifying primary residence on the corresponding property tax statement.
3. ~~By January first of each year, the county auditor shall certify to the tax commissioner the sum of the credits approved by the tax commissioner under subsection 1 which were applied toward property taxes owed on primary residences in the county for the preceding year.~~
4. By June first of ~~each year after 2024~~ 2025, 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, as it existed on December 31, 2024, in each county for the preceding year.
- ~~5.4.~~ Within fourteen days of receiving the payment from the state treasurer, but no later than June thirtieth of ~~each year after 2024~~ 2025, 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 were apportioned and distributed.

1 6-5. Supplemental certifications by the county auditor and the tax commissioner and
2 supplemental payments by the state treasurer may be made after the dates prescribed
3 in this section to make corrections necessary because of errors.

4 7-6. The county auditors shall provide information requested by the tax commissioner to
5 effectuate this section.

6 8-7. The tax commissioner shall prescribe, design, and make available all forms necessary
7 to effectuate this section.

8 **SECTION 9.** A new section to chapter 57-02 of the North Dakota Century Code is created
9 and enacted as follows:

10 ~~Residential, agricultural, and commercial property~~ **Taxable valuation reduction -**
11 **Qualification - Certification - State reimbursement.**

12 1. A taxpayer is entitled to a reduction of the taxable valuation of the taxpayer's
13 residential property, agricultural property, ~~or~~ commercial property, ~~or~~ centrally
14 assessed property as provided in this section. The reduction is equal to:

15 a. For residential property, two and three-fourths percent of the assessed value of
16 the property.

17 b. For agricultural property ~~and~~, commercial property, ~~and~~ centrally assessed
18 property, one and ~~one-half~~ ~~one-fourth~~ percent of the assessed value of the
19 property.

20 2. The reduction under this section must be applied before other credits under this
21 chapter.

22 3. Persons who are co-owners of the property but who are not spouses or dependents
23 each are entitled to a percentage of a full reduction under subsection 1 equal to their
24 ownership interests in the property.

25 4. Determinations of eligibility for a reduction under this section may be appealed through
26 the equalization and abatement process.

27 5. The county auditor shall apply the reduction under this section on the corresponding
28 property tax or mobile home tax statement.

29 6. This section does not reduce the liability of any owner for special assessments levied
30 upon any property.

- 1 7. A reduction of taxable valuation under this section may not be applied to reduce the
2 taxable valuation used for purposes of determining the amount subtracted from a
3 school district's state aid payment under subdivision a of subsection 4 of section
4 15.1-27-04.1.
- 5 8. Before January fifteenth of each year after 2025, the county auditor of each county
6 shall certify to the tax commissioner, on forms prescribed by the tax commissioner, the
7 following information applicable to the preceding taxable year for property taxed as
8 real estate under this title and the current taxable year for property taxed as a mobile
9 home under chapter 57-55:
- 10 a. The full name, address, and social security or taxpayer identification number of
11 each individual or entity for whom the reduction under this section was allowed
12 for the corresponding taxable year;
- 13 b. The legal description of the property;
- 14 c. The taxable value of the property;
- 15 d. The dollar amount of each reduction in taxable value allowed;
- 16 e. The total of the tax mill rates used to calculate taxes for the corresponding year
17 of all taxing districts in which the property was contained, exclusive of any state
18 mill rates; and
- 19 f. Any other information prescribed by the tax commissioner.
- 20 9. By March fifteenth of each year after 2025, the tax commissioner shall:
- 21 a. Review the certifications under subsection 8, make any required corrections, and
22 certify to the state treasurer for payment to each county the sum of the amounts
23 computed by:
- 24 (1) Multiplying the reduction allowed for each parcel of residential property,
25 agricultural property, ~~and~~ commercial property, and centrally assessed
26 property taxed as real estate under this title in the county for the preceding
27 taxable year by the total of the tax mill rates for the preceding taxable year
28 of all taxing districts in which the property was located.
- 29 (2) Multiplying the reduction allowed for each parcel of residential property and
30 commercial property taxed as a mobile home under chapter 57-55 in the
31 county for the current taxable year by the total of the tax mill rates used to

1 calculate mobile home taxes under chapter 57-55 for the current taxable
2 year of all taxing districts in which the property was located.

3 b. Certify annually to the state treasurer for deposit in the state medical center fund
4 the amount computed by multiplying one mill times the reduction allowed under
5 this section for all parcels of residential property, agricultural property, and
6 commercial property, and centrally assessed property in the state for:

7 (1) The preceding taxable year for property taxed as real estate under this title.

8 (2) The current taxable year for property taxed as a mobile home under chapter
9 57-55.

10 10. Within fourteen days of receiving the payment from the state treasurer, the county
11 treasurer shall apportion and distribute the payment without delay to the county and to
12 the taxing districts of the county on the same basis property taxes under this chapter
13 and mobile home taxes under chapter 57-55 were apportioned and distributed for the
14 taxable year in which the taxes were levied.

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

20 12. The tax commissioner shall prescribe, design, and make available all forms necessary
21 to effectuate this section.

22 13. For purposes of this section:

23 a. "Commercial property" means commercial property as defined under section
24 57-02-01 and mobile homes used for commercial purposes and taxed under
25 chapter 57-55.

26 b. "Residential property" means residential property as defined under section
27 57-02-01 and mobile homes used for residential purposes and taxed under
28 chapter 57-55.

29 **SECTION 10.** A new section to chapter 57-02 of the North Dakota Century Code is created
30 and enacted as follows:

Limitation on taxable valuation increases - Voter approval of excess levy authority.

1. Notwithstanding any other provision of law, the taxable valuation on any parcel of taxable property may not exceed by more than three percent the amount of the taxable valuation on that parcel of taxable property in the preceding taxable year, except to the extent improvements to the property have been made which were not included in the taxable valuation of the property in the preceding taxable year. The limitation in this section applies regardless of a sale, transfer, or other change in ownership of the property.
2. If approved by a majority of the qualified electors of a taxing district voting on the question at a statewide general or primary election, a taxing district may increase the taxing district's maximum mill levy authority above the levy limitations under chapter 57-15 or the levy limitations authorized pursuant to home rule authority under chapter 11-09.1 or 40-05.1 for not more than six taxable years at a time. The ballot must specify the number of mills proposed for approval, the intended purpose for the proposed excess mill levy, and the number of years for which the approval is to apply.
3. A city or county may not supersede or modify the application of this section under home rule authority.

SECTION 11. A new subdivision to subsection 1 of section 57-55-10 of the North Dakota Century Code is created and enacted as follows:

If it is owned by a taxpayer that qualifies for the ~~taxable~~ valuation reduction under section 9 of this Act, to the extent to which the taxpayer is entitled to the reduction.

SECTION 12. REPEAL. Sections 21-10-12 and 21-10-13 of the North Dakota Century Code are repealed.

SECTION 13. REPEAL. Section 57-02-08.9 of the North Dakota Century Code is repealed.

**SECTION 14. APPROPRIATION - TRANSFER - GENERAL FUND TO LEGACY
PROPERTY TAX RELIEF FUND - TAX COMMISSIONER.**

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of ~~\$85,001,793~~ \$222,421,793, 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

- 1 budget status reporting purposes, the transfer under this subsection is considered an
2 ongoing funding item.
- 3 2. There is appropriated out of any moneys in the legacy property tax relief fund, not
4 otherwise appropriated, the sum of ~~\$483,400,000~~\$620,820,000, or so much of the
5 sum as may be necessary, to the tax commissioner for the state reimbursement of the
6 ~~residential property, agricultural property, and commercial property~~ taxable valuation
7 reduction for the biennium beginning July 1, 2025, and ending June 30, 2027. Of the
8 ~~\$483,400,000~~\$620,820,000, ~~\$85,001,793~~\$222,421,793 is from the general fund
9 pursuant to subsection 1, and \$398,398,207 is from the legacy earnings fund.

10 **SECTION 15. EFFECTIVE DATE.** Sections 6, 7, 9, 10, 11, and 13 of this Act are effective
11 for taxable years beginning after December 31, 2024.

Testimony on HB 1575
Amy McBeth, Regional AVP Public Affairs, BNSF Railway
March 11, 2025
Senate Finance and Taxation Committee

BNSF Railway supports the bill as amended. With the amendment offered to HB 1575, centrally assessed taxpayers would receive the same treatment as agricultural and commercial taxpayers in the state.

Without the amendment, it would provide a higher tax for centrally assessed property.

There are a number of reasons to be opposed to separating centrally assessed taxpayers from others, but BNSF's opposition focuses on the legal issues: Federal law prohibits inequitable tax treatment for railroads and there's a court decision specific to North Dakota's past attempts to unfairly tax railroads that should help guide the committee's decision to adopt the amendment.

Given the impact on interstate commerce that individual city and state regulations of railroads could have, Congress has enacted laws to ensure national uniformity for regulation of rail transportation.

The Railroad Revitalization and Regulatory Reform Act of 1976 (known as the 4-R Act) is one such law and it prohibits states from enacting taxes that discriminate against railroads. Under the 4-R Act, states cannot tax railroads in a manner less favorable than the taxation of other commercial and industrial property. Different assessment ratios (and assessment ratio relief) are discriminatory under the 4-R Act.

A 1981 decision by the U.S. Court of Appeals for the Eighth Circuit Court confirmed that North Dakota cannot treat railroads differently than other commercial and industrial property taxpayers. In the 1981 case, railroads and other centrally assessed taxpayers were subject to North Dakota personal property tax, but other commercial and industrial taxpayers were not. The Court held that this discriminatory treatment of railroads by North Dakota violated the 4-R Act.

We must be treated similarly to commercial and industrial taxpayers. This amendment includes centrally assessed taxpayers for a reduction of the taxable valuation along with agricultural property and commercial property.

In Section 10, it's our understanding that the intent is for all taxable property, including railroads, to be included in the valuation limitation. With that, and the amendment, our concerns would be addressed and we urge the committee to adopt it and support the bill. Thank you.

2025 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1575
5/2/2025

Relating to legacy fund definitions, the legacy earnings fund, and the primary residence credit; to provide an appropriation; to provide for a transfer; to provide an effective date; and to provide an expiration date.

9:58 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:

- Committee action

10:01 a.m. Senator Walen moved a Do Not Pass.

10:01 a.m. Senator Powers 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.

Senator Powers will carry the bill.

10:01 a.m. Chairman Weber closed the hearing.

Chance Anderson, Committee Clerk

REPORT OF STANDING COMMITTEE
REENGROSSED HB 1575 ([25.1283.03000](#))

Finance and Taxation Committee (Sen. Weber, Chairman) recommends **DO NOT PASS** (6 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). Reengrossed HB 1575 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.