

**SENATE BILL NO. 2304**

Introduced by

Senators Krauter, Kinnoin, T. Mathern

Representatives Boucher, Froelich, Kerzman

1 A BILL for an Act to create and enact a new subsection to section 57-38-30.3 and a new  
2 section to chapter 57-38 of the North Dakota Century Code, relating to an income tax credit or  
3 rebate for property taxes paid contingent upon excess general fund balances; to repeal chapter  
4 54-27.2 of the North Dakota Century Code, relating to the budget stabilization fund; to provide a  
5 continuing appropriation; and to provide an effective date.

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

7 **SECTION 1.** A new subsection to section 57-38-30.3 of the 1997 Supplement to the  
8 North Dakota Century Code is created and enacted as follows:

9 A taxpayer filing a return under this section is entitled to the credit or rebate  
10 provided under section 2 of this Act.

11 **SECTION 2.** A new section to chapter 57-38 of the North Dakota Century Code is  
12 created and enacted as follows:

13 **Property tax credit or rebate - Definitions - Qualifications - Continuing**  
14 **appropriation.**

15 1. As used in this section:

16 a. "Actively farmed" means used by the taxpayer during the taxable year for  
17 raising agricultural crops or grazing farm animals or enrolled in the  
18 conservation reserve program or other program in which the taxpayer is the  
19 primary party in interest, and the taxpayer has agreed to refrain from raising  
20 agricultural crops or grazing farm animals in exchange for program payments.

21 b. "Actual general fund ending balance" means the amount in the state general  
22 fund at the end of the biennium after cancellation of unexpended  
23 appropriations under section 54-44.1-11.

- 1 c. "Estimated general fund ending balance" means the final estimate of the state  
2 general fund balance at the end of the biennium used by the legislative  
3 assembly before adjournment of the most recent legislative session ending  
4 before the biennium for which the estimate was made. For purposes of this  
5 subsection, "end of the biennium" means after cancellation of unexpended  
6 appropriations under section 54-44.1-11.
- 7 d. "Qualified property taxes" means property taxes paid during the taxable year  
8 by the taxpayer on residential property owned and occupied by the taxpayer  
9 as a primary residence or agricultural property owned and actively farmed by  
10 the taxpayer.
- 11 e. "Qualified rent payment" means nineteen percent of rent paid during the  
12 taxable year by the taxpayer for occupancy and use of:  
13 (1) Residential property occupied as a primary residence by the taxpayer.  
14 (2) Agricultural property actively farmed by the taxpayer.
- 15 f. "Rebatable amount" means the amount by which the actual general fund  
16 ending balance exceeds two times the estimated general fund ending  
17 balance.
- 18 2. The rebatable amount must be allocated among individuals, estates, and trusts as  
19 a property tax rebate credit against income tax liability as provided in this section.  
20 The tax commissioner shall determine the percentage that the rebatable amount is  
21 of qualified property taxes and qualified rent payments paid by taxpayers in the  
22 state during the most recently ended calendar year. The percentage determined  
23 by the tax commissioner is the percentage of qualified expenditures to which a  
24 taxpayer is entitled to a credit under this section.
- 25 3. A taxpayer is entitled to a credit against liability determined under section 57-38-29  
26 or 57-38-30.3 equal to the percentage determined by the tax commissioner under  
27 subsection 2 multiplied times qualified property taxes or qualified rent, or both, paid  
28 during the taxable year that includes the final day of the biennium for which the  
29 ending general fund balance is calculated. The maximum amount of qualified  
30 property taxes and qualified rent payments which may be claimed by a taxpayer is

- 1           seven thousand five hundred dollars for residential property and ten thousand  
2           dollars for agricultural property.
- 3           4. A lessor who receives qualified rent during the taxable year shall provide the  
4           lessee with a certificate of rent paid. The certificate must state the amount of rent  
5           paid in cash or must show the cash value of commodities received by the landlord  
6           under a crop-share lease of agricultural property.
- 7           5. If two or more renters could be claimants of a credit under this section with regard  
8           to qualified rent payments for the same property, the landlord shall provide to each  
9           of them a statement showing their respective shares of total rent payments for the  
10          year.
- 11          6. For a taxpayer who both owned and rented qualified property during the taxable  
12          year, the credit under this section is the sum of qualified property taxes and  
13          qualified rent paid by the taxpayer during the taxable year, subject to the limitations  
14          provided in this section.
- 15          7. If the amount of the credit under this section exceeds the taxpayer's tax liability  
16          under this chapter, the tax commissioner shall refund the excess.
- 17          8. For property owned and occupied as a primary residence by the taxpayer during  
18          the taxable year, which also includes rental property for which a landlord's  
19          certificate of rent paid has been provided by the taxpayer, the taxpayer's property  
20          taxes paid on that property must be reduced by a percentage equal to the  
21          percentage that the value of the rental property is of the entire value of the  
22          property.
- 23          9. To claim a credit under this section, the taxpayer must attach to the taxpayer's  
24          return a copy of the property tax receipt and certificate of rent paid, as applicable,  
25          and provide any additional information the tax commissioner requires.
- 26          10. The amount necessary to pay refunds for the credit under this section is provided  
27          as a standing and continuing appropriation to the tax commissioner.

28           **SECTION 3. REPEAL.** Chapter 54-27.2 of the North Dakota Century Code is  
29 repealed.

30           **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
31 December 31, 2000.