

**SECOND ENGROSSMENT
with House Amendments**

Sixtieth
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2032

Introduced by

Legislative Council

(Finance and Taxation Committee)

1 A BILL for an Act to create and enact section 57-01-20 of the North Dakota Century Code,
2 relating to allocation among school districts of legislative tax relief credit funds; to amend and
3 reenact sections 57-02-08.1, 57-12-09, 57-15-01.1, 57-15-14, 57-15-31, 57-20-03, 57-20-04,
4 57-20-07.1, 57-20-09, and 57-20-21.1, subsection 1 of section 57-38-30.3, and section
5 57-55-04 of the North Dakota Century Code, relating to homestead credit, notice of assessment
6 increases, school district levy limitations, form of the tax list, the abstract of the tax list, contents
7 of property tax statements, payment of real estate taxes, and mobile home taxes; to provide an
8 appropriation; to provide a statement of legislative intent; to provide for a legislative council
9 study; and to provide an effective date.

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

11 **SECTION 1.** Section 57-01-20 of the North Dakota Century Code is created and
12 enacted as follows:

13 **57-01-20. Legislative tax relief credit allocation.** The tax commissioner shall
14 allocate funds provided by legislative appropriation for tax relief among school districts as
15 provided in this section.

16 1. The tax commissioner shall allocate to each school district an amount equal to
17 twelve and six-tenths percent of the amount in dollars levied by that school district
18 for general fund purposes against residential, commercial, agricultural, mobile
19 home, and railroad property in taxable year 2006. The amounts must be prorated
20 as necessary to allocate total legislative tax relief credits of forty million dollars
21 among school district property taxpayers for the designated classes of property for
22 each year.

23 2. The tax commissioner shall certify to each county auditor by August first of each
24 year the amount of legislative tax relief credit determined under this section for

- 1 each school district or portion of each school district in the county. By August first
2 of each year, the tax commissioner shall certify to each school district the amount
3 of the allocation under this section for the school district for the taxable year.
- 4 3. The county auditor shall allocate the credits for each school district under this
5 section against property taxes levied by that school district for general fund
6 purposes against each parcel of residential, commercial, agricultural, mobile home,
7 and railroad in the proportion that the taxable valuation of each parcel bears to the
8 total taxable valuation of all such property in the school district.
- 9 4. The tax commissioner shall certify to the state treasurer the amounts determined
10 under this section for payment to school districts by March first following the
11 taxable year for which the credit applies.
- 12 5. Payments received by school districts under this section do not constitute
13 increases in state aid for purposes of determining baseline funding under Senate
14 Bill No. 2200, as approved by the sixtieth legislative assembly. Payments received
15 by school districts under this section do not constitute new money for purposes of
16 teacher compensation increases under Senate Bill No. 2200, as approved by the
17 sixtieth legislative assembly.

18 **SECTION 2. AMENDMENT.** Section 57-02-08.1 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **57-02-08.1. Homestead credit.**

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

- 1 c. The exemption must be determined according to the following schedule:
- 2 (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five~~
- 3 ~~hundred~~ dollars, a reduction of one hundred percent of the taxable
- 4 valuation of the person's homestead up to a maximum reduction of
- 5 three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable
- 6 valuation.
- 7 (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~
- 8 dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of
- 9 eighty percent of the taxable valuation of the person's homestead up to
- 10 a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~
- 11 dollars of taxable valuation.
- 12 (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and
- 13 not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a
- 14 reduction of sixty percent of the taxable valuation of the person's
- 15 homestead up to a maximum reduction of ~~one~~ two thousand ~~eight~~
- 16 ~~hundred twenty-three~~ twenty-five dollars of taxable valuation.
- 17 (4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five~~
- 18 ~~hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars,
- 19 a reduction of forty percent of the taxable valuation of the person's
- 20 homestead up to a maximum reduction of one thousand ~~two~~ three
- 21 hundred ~~fifteen~~ fifty dollars of taxable valuation.
- 22 (5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars
- 23 and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars,
- 24 a reduction of twenty percent of the taxable valuation of the person's
- 25 homestead up to a maximum reduction of six hundred ~~eight~~
- 26 seventy-five dollars of taxable valuation.
- 27 d. Persons residing together, as spouses or when one or more is a dependent of
- 28 another, are entitled to only one exemption between or among them under
- 29 this subsection. Persons residing together, who are not spouses or
- 30 dependents, who are coowners of the property are each entitled to a

- 1 percentage of a full exemption under this subsection equal to their ownership
2 interests in the property.
- 3 e. This subsection does not reduce the liability of any person for special
4 assessments levied upon any property.
- 5 f. Any person claiming the exemption under this subsection shall sign a verified
6 statement of facts establishing the person's eligibility.
- 7 g. A person is ineligible for the exemption under this subsection if the value of
8 the assets of the person and any dependent residing with the person,
9 excluding the unencumbered value of the person's residence that the person
10 claims as a homestead, exceeds fifty thousand dollars, including the value of
11 any assets divested within the last three years. For purposes of this
12 subdivision, the unencumbered valuation of the homestead is limited to one
13 hundred thousand dollars.
- 14 h. The assessor shall attach the statement filed under subdivision f to the
15 assessment sheet and shall show the reduction on the assessment sheet.
- 16 i. An exemption under this subsection terminates at the end of the taxable year
17 of the death of the applicant.
- 18 2. a. Any person who would qualify for an exemption under subdivisions a and c of
19 subsection 1 except for the fact that the person rents living quarters is eligible
20 for refund of a portion of the person's annual rent deemed by this subsection
21 to constitute the payment of property tax.
- 22 b. For the purpose of this subsection, twenty percent of the annual rent,
23 exclusive of any federal rent subsidy and of charges for any utilities, services,
24 furniture, furnishings, or personal property appliances furnished by the
25 landlord as part of the rental agreement, whether expressly set out in the
26 rental agreement, must be considered as payment made for property tax.
27 When any part of the twenty percent of the annual rent exceeds four percent
28 of the annual income of a qualified applicant, the applicant is entitled to
29 receive a refund from the state general fund for that amount in excess of four
30 percent of the person's annual income, but the refund may not be in excess of

- 1 two hundred forty dollars. If the calculation for the refund is less than five
2 dollars, a minimum of five dollars must be sent to the qualifying applicant.
- 3 c. Persons who reside together, as spouses or when one or more is a
4 dependent of another, are entitled to only one refund between or among them
5 under this subsection. Persons who reside together in a rental unit, who are
6 not spouses or dependents, are each entitled to apply for a refund based on
7 the rent paid by that person.
- 8 d. Each application for refund under this subsection must be made to the tax
9 commissioner before the first day of June of each year by the person claiming
10 the refund. The tax commissioner may grant an extension of time to file an
11 application for good cause. The tax commissioner shall issue refunds to
12 applicants.
- 13 e. This subsection does not apply to rents or fees paid by a person for any living
14 quarters, including a nursing home licensed pursuant to section 23-16-01, if
15 those living quarters are exempt from property taxation and the owner is not
16 making a payment in lieu of property taxes.
- 17 f. A person may not receive a refund under this section for a taxable year in
18 which that person received an exemption under subsection 1.
- 19 3. All forms necessary to effectuate this section must be prescribed, designed, and
20 made available by the tax commissioner. The county directors of tax equalization
21 shall make these forms available upon request.
- 22 4. A person whose homestead is a farm structure exempt from taxation under
23 subsection 15 of section 57-02-08 may not receive any property tax credit under
24 this section.
- 25 5. For the purposes of this section:
- 26 a. "Dependent" has the same meaning it has for federal income tax purposes.
27 b. "Homestead" has the same meaning as provided in section 47-18-01.
28 c. "Income" means income for the most recent complete taxable year from all
29 sources, including the income of any dependent of the applicant, and
30 including any county, state, or federal public assistance benefits, social
31 security, or other retirement benefits, but excluding any federal rent subsidy,

1 any amount excluded from income by federal or state law, and medical
2 expenses paid during the year by the applicant or the applicant's dependent
3 which is not compensated by insurance or other means.

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

8 e. "Permanently and totally disabled" means the inability to engage in any
9 substantial gainful activity by reason of any medically determinable physical
10 or mental impairment which can be expected to result in death or has lasted
11 or can be expected to last for a continuous period of not less than twelve
12 months as established by a certificate from a licensed physician.

13 **SECTION 3. AMENDMENT.** Section 57-12-09 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner.**

16 When any assessor has increased the true and full valuation of any lot or tract of land ~~together~~
17 ~~with or any improvements thereon by fifteen percent or more to more than seven percent more~~
18 than the amount of the last assessment, written notice of the amount of increase over the last
19 assessment and the amount of the last assessment must be delivered in writing by the
20 assessor to the property owner or, mailed in writing to the property owner at the property
21 owner's last-known address except that no notice need be delivered or mailed if the true and
22 full valuation is increased by less than three thousand dollars, or provided to the property owner
23 by electronic mail directed with verification of receipt to an electronic mail address at which the
24 property owner has consented to receive notice. Delivery of notice to a property owner under
25 this section must be completed not fewer than thirty days before the meeting of the local
26 equalization board. The tax commissioner shall prescribe suitable forms for this notice and the
27 notice must show the true and full value as defined by law of the property, including
28 improvements, that the assessor used in making the assessment for the current year and for
29 the year in which the last assessment was made and must also show the date prescribed by
30 law for the meeting of the local equalization board of the assessment district in which the
31 property is located and the meeting date of the county equalization board. The notice must be

1 mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of~~
2 ~~the local equalization board and must be mailed or delivered~~ at the expense of the assessment
3 district for which the assessor is employed.

4 **SECTION 4. AMENDMENT.** Section 57-15-01.1 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-15-01.1. Protection of taxpayers and taxing districts.** Each taxing district,
7 except a school district, may levy the lesser of the amount in dollars as certified in the budget of
8 the governing body, or the amount in dollars as allowed in this section, subject to the following:

- 9 1. No taxing district may levy more taxes expressed in dollars than the amounts
10 allowed by this section.
- 11 2. For purposes of this section:
 - 12 a. "Base year" means the taxing district's taxable year with the highest amount
13 levied in dollars in property taxes of the three taxable years immediately
14 preceding the budget year. For a park district general fund, the "amount
15 levied in dollars in property taxes" is the sum of amounts levied in dollars in
16 property taxes for the general fund under section 57-15-12 including any
17 additional levy approved by the electors, the insurance reserve fund under
18 section 32-12.1-08, the employee health care program under section
19 40-49-12, the public recreation system under section 40-55-09 including any
20 additional levy approved by the electors, forestry purposes under
21 section 57-15-12.1 except any additional levy approved by the electors, pest
22 control under section 4-33-11, and handicapped person programs and
23 activities under section 57-15-60;
 - 24 b. "Budget year" means the taxing district's year for which the levy is being
25 determined under this section;
 - 26 c. "Calculated mill rate" means the mill rate that results from dividing the base
27 year taxes levied by the sum of the taxable value of the taxable property in
28 the base year plus the taxable value of the property exempt by local
29 discretion or charitable status, calculated in the same manner as the taxable
30 property; and

- 1 d. "Property exempt by local discretion or charitable status" means property
2 exempted from taxation as new or expanding businesses under
3 chapter 40-57.1; improvements to property under chapter 57-02.2; or
4 buildings belonging to institutions of public charity, new single-family
5 residential or townhouse or condominium property, property used for early
6 childhood services, or pollution abatement improvements under section
7 57-02-08.
- 8 3. A taxing district may elect to levy the amount levied in dollars in the base year.
9 Any levy under this section must be specifically approved by a resolution approved
10 by the governing body of the taxing district. Before determining the levy limitation
11 under this section, the dollar amount levied in the base year must be:
- 12 a. Reduced by an amount equal to the sum determined by application of the
13 base year's calculated mill rate for that taxing district to the final base year
14 taxable valuation of any taxable property and property exempt by local
15 discretion or charitable status which is not included in the taxing district for the
16 budget year but was included in the taxing district for the base year.
- 17 b. Increased by an amount equal to the sum determined by the application of
18 the base year's calculated mill rate for that taxing district to the final budget
19 year taxable valuation of any taxable property or property exempt by local
20 discretion or charitable status which was not included in the taxing district for
21 the base year but which is included in the taxing district for the budget year.
- 22 c. Reduced to reflect expired temporary mill levy increases authorized by the
23 electors of the taxing district.
- 24 4. In addition to any other levy limitation factor under this section, a taxing district
25 may increase its levy in dollars to reflect new or increased mill levies authorized by
26 the legislative assembly or authorized by the electors of the taxing district.
- 27 5. Under this section a taxing district may supersede any applicable mill levy
28 limitations otherwise provided by law, or a taxing district may levy up to the mill
29 levy limitations otherwise provided by law without reference to this section, but the
30 provisions of this section do not apply to the following:

- 1 a. Any irrevocable tax to pay bonded indebtedness levied pursuant to
2 section 16 of article X of the Constitution of North Dakota.
- 3 b. The one-mill levy for the state medical center authorized by section 10 of
4 article X of the Constitution of North Dakota.
- 5 6. ~~A school district choosing to determine its levy authority under this section may~~
6 ~~apply subsection 3 only to the amount in dollars levied for general fund purposes~~
7 ~~under section 57-15-14 or, if the levy in the base year included separate general~~
8 ~~fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school~~
9 ~~district may apply subsection 3 to the total amount levied in dollars in the base~~
10 ~~year for both the general fund and special fund accounts. School district levies~~
11 ~~under any section other than section 57-15-14 may be made within applicable~~
12 ~~limitations but those levies are not subject to subsection 3.~~
- 13 7. Optional levies under this section may be used by any city or county that has
14 adopted a home rule charter unless the provisions of the charter supersede state
15 laws related to property tax levy limitations.

16 **SECTION 5. AMENDMENT.** Section 57-15-14 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **57-15-14. ~~Tax~~ General fund levy limitations in school districts.** ~~The aggregate~~
19 ~~amount levied each year for the purposes listed in section 57-15-14.2 by any school district,~~
20 ~~except the Fargo school district, may not exceed the amount in dollars which the school district~~
21 ~~levied for the prior school year plus eighteen percent up to a general fund levy of one hundred~~
22 ~~eighty five mills on the dollar of the taxable valuation of the district, except that:~~

- 23 1. ~~In any school district having a total population in excess of four thousand~~
24 ~~according to the last federal decennial census:~~
- 25 a. ~~There may be levied any specific number of mills that upon resolution of the~~
26 ~~school board has been submitted to and approved by a majority of the~~
27 ~~qualified electors voting upon the question at any regular or special school~~
28 ~~district election.~~
- 29 b. ~~There is no limitation upon the taxes which may be levied if upon resolution of~~
30 ~~the school board of any such district the removal of the mill levy limitation has~~

1 ~~been submitted to and approved by a majority of the qualified electors voting~~
2 ~~at any regular or special election upon such question.~~

3 2: ~~In any school district having a total population of less than four thousand, there~~
4 ~~may be levied any specific number of mills that upon resolution of the school board~~
5 ~~has been approved by fifty five percent of the qualified electors voting upon the~~
6 ~~question at any regular or special school election.~~

7 3: ~~In any school district in which the total assessed valuation of property has~~
8 ~~increased twenty percent or more over the prior year and in which as a result of~~
9 ~~that increase the school district is entitled to less in state aid payments provided in~~
10 ~~chapter 15.1 27 because of the deduction required in section 15.1 27 05, there~~
11 ~~may be levied any specific number of mills more in dollars than was levied in the~~
12 ~~prior year up to a general fund levy of one hundred eighty five mills on the dollar of~~
13 ~~the taxable valuation of the school district. The additional levy authorized by this~~
14 ~~subsection may be levied for not more than two years because of any twenty~~
15 ~~percent or greater annual increase in assessed valuation. The total amount of~~
16 ~~revenue generated in excess of the eighteen percent increase which is otherwise~~
17 ~~permitted by this section may not exceed the amount of state aid payments lost as~~
18 ~~a result of applying the deduction provided in section 15.1 27 05 to the increased~~
19 ~~assessed valuation of the school district in a one year period.~~

20 ~~The question of authorizing or discontinuing such specific number of mills authority or unlimited~~
21 ~~taxing authority in any school district must be submitted to the qualified electors at the next~~
22 ~~regular election upon resolution of the school board or upon the filing with the school board of a~~
23 ~~petition containing the signatures of qualified electors of the district equal in number to twenty~~
24 ~~percent of the number of persons enumerated in the school census for that district for the most~~
25 ~~recent year such census was taken, unless such census is greater than four thousand in which~~
26 ~~case only fifteen percent of the number of persons enumerated in the school census is~~
27 ~~required. However, not fewer than twenty five signatures are required unless the district has~~
28 ~~fewer than twenty five qualified electors, in which case the petition must be signed by not less~~
29 ~~than twenty five percent of the qualified electors of the district. In those districts with fewer than~~
30 ~~twenty five qualified electors, the number of qualified electors in the district must be determined~~
31 ~~by the county superintendent for such county in which such school is located. However, the~~

1 ~~approval of discontinuing either such authority does not affect the tax levy in the calendar year~~
2 ~~in which the election is held. The election must be held in the same manner and subject to the~~
3 ~~same conditions as provided in this section for the first election upon the question of authorizing~~
4 ~~the mill levy.~~

5 A school district may levy an annual tax for the general fund purposes listed in section
6 57-15-14.2 in an amount not exceeding three and one-half percent more than the amount in
7 dollars which the school district levied for general fund purposes in the school district's base
8 year.

9 1. A school district may levy an amount exceeding the limitation in this section upon
10 approval by a majority of the electors voting on the question at a regular or special
11 school district election. A question may be placed on the ballot for increased levy
12 authority by motion approved by the school board. A question on the ballot for
13 increased levy authority under this section must show the amount and percentage
14 increase in dollars for which voter approval is requested and specify the years for
15 which the increase will apply. Increased levy authority under this subsection may
16 not be approved for more than five years.

17 2. The general fund levy limitation under this section applies to every school district,
18 including a school district for which electors approved increased or unlimited levy
19 authority before July 1, 2007.

20 3. For purposes of this section:

21 a. "Base year" means the school district's taxable year with the highest amount
22 levied in dollars for general fund purposes of the three taxable years
23 immediately preceding the budget year. For a reorganized school district,
24 "base year" includes the general fund levy in dollars as approved by the
25 electors in the reorganization plan.

26 b. "Budget year" means the school district's taxable year for which the general
27 fund levy is being determined under this section.

28 c. "Calculated general fund mill rate" means the mill rate that results from
29 dividing the base year general fund taxes levied by the sum of the taxable
30 value of the taxable property in the base year plus the taxable value of the

1 property exempt by local discretion or charitable status, calculated in the
2 same manner as the taxable property.

3 d. "Property exempt by local discretion or charitable status" means property
4 exempted from taxation as new or expanding businesses under
5 chapter 40-57.1; improvements to property under chapter 57-02.2; or
6 buildings belonging to institutions of public charity, new single-family
7 residential or townhouse or condominium property, property used for early
8 childhood services, or pollution abatement improvements under section
9 57-02-08.

10 4. Before determining the levy limitation under this section, the dollar amount levied
11 in the base year must be:

12 a. Reduced by an amount equal to the sum determined by application of the
13 base year's calculated general fund mill rate for that school district to the final
14 base year taxable valuation of any taxable property and property exempt by
15 local discretion or charitable status which is not included in the school district
16 for the budget year but was included in the school district for the base year.

17 b. Increased by an amount equal to the sum determined by the application of
18 the base year's calculated general fund mill rate for that school district to the
19 final budget year taxable valuation of any taxable property or property exempt
20 by local discretion or charitable status which was not included in the school
21 district for the base year but which is included in the school district for the
22 budget year.

23 **SECTION 6. AMENDMENT.** Section 57-15-31 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **57-15-31. Determination of levy.** The amount to be levied by any county, city,
26 township, school district, park district, or other municipality authorized to levy taxes shall be
27 computed by deducting from the amount of estimated expenditures for the current fiscal year as
28 finally determined, plus the required reserve fund determined upon by the governing board from
29 the past experience of the taxing district, the total of the following items:

- 30 1. The available surplus consisting of the free and unencumbered cash balance.
31 2. Estimated revenues from sources other than direct property taxes.

- 1 3. The total estimated collections from tax levies for previous years.
- 2 4. Such expenditures as are to be made from bond sources.
- 3 5. The amount of distributions received from an economic growth increment pool
- 4 under section 57-15-61.
- 5 6. The estimated amount to be received from payments in lieu of taxes on a project
- 6 under section 40-57.1-03.
- 7 7. The amount certified to a school district and the county auditor by the state tax
- 8 commissioner as the school district's legislative tax relief credit allocation for the
- 9 year under section 57-01-20.

10 Allowance may be made for a permanent delinquency or loss in tax collection not to exceed
11 five percent of the amount of the levy.

12 **SECTION 7. AMENDMENT.** Section 57-20-03 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **57-20-03. Form of tax list.** The tax list must be made out to correspond with the
15 assessment books as respects ownership and description of property, with columns for the
16 valuation and for the various items of tax included in the total amount of all taxes set down
17 opposite such description of property. The tax list must include the mailing address for the
18 owner of each parcel of property. If the owner is an individual or more than one individual and
19 the mailing address is not the individual's or individuals' primary residence, the tax list must
20 also include the individual's or individuals' primary residence address. The amounts of special
21 taxes must be entered in appropriate columns, but the general taxes may be shown by entering
22 the rate of each tax at the head of the proper column without extending the same, in which
23 case a schedule of the rates of such taxes must be made on the first page of each tax list. The
24 tax lists also must show, in a separate column, the years for which any piece or parcel has
25 been sold for taxes, if the same has not been redeemed or deeded for such taxes.

26 **SECTION 8. AMENDMENT.** Section 57-20-04 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **57-20-04. Abstract of tax list to be sent to tax commissioner.** The county auditor,
29 on or before December thirty-first following the levy of the taxes, shall make and transmit to the
30 state tax commissioner, in such form as the tax commissioner may prescribe, a complete
31 abstract of the tax list of the auditor's county. The abstract must include the total number of

1 individually assessed parcels of property in the county within each property classification, the
2 total true and full valuation of all property within each property classification, and the true and
3 full valuation of all property within each property classification owned by nonresidents of this
4 state.

5 **SECTION 9. AMENDMENT.** Section 57-20-07.1 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **57-20-07.1. County treasurer to mail real estate tax statement.** On or before
8 December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement
9 to the owner of each parcel of real property at the owner's last-known address. The statement
10 must be provided in a manner that allows the taxpayer to retain a printed record of the
11 obligation for payment of taxes and special assessments as provided in the statement. If a
12 parcel of real property is owned by more than one individual, the county treasurer shall send
13 only one statement to one of the owners of that property. Additional copies of the tax statement
14 will be sent to the other owners upon their request and the furnishing of their names and
15 addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a
16 dollar valuation of the true and full value as defined by law of the property and the total mill levy
17 applicable. The tax statement must include, or be accompanied by a separate sheet, with
18 three columns showing, for the taxable year to which the tax statement applies and the two
19 immediately preceding taxable years, the property tax levy in dollars against the parcel by the
20 city, county, and school district and the amount of legislative tax relief credit that applies against
21 the school district levy for the parcel under section 57-01-20. Failure of an owner to receive a
22 statement will not relieve that owner of liability, nor extend the discount privilege past the
23 February fifteenth deadline.

24 **SECTION 10. AMENDMENT.** Section 57-20-09 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **57-20-09. Discount for early payment of tax.** Except as provided in section
27 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall
28 pay all of the real estate taxes levied on any tract or parcel of real property in any one year in
29 full on or before February fifteenth prior to the date of delinquency. Such discount applies, after
30 deduction of any credit allowed under section 57-01-20, to the net remaining amount of all
31 general real estate taxes levied for state, county, city, township, school district, fire district, park

1 district, and any other taxing districts but does not apply to personal property taxes or special
2 assessment installments. Whenever the board of county commissioners, by resolution,
3 determines that an emergency exists in the county by virtue of weather or other catastrophe, it
4 may extend the discount period for an additional thirty days.

5 **SECTION 11. AMENDMENT.** Section 57-20-21.1 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **57-20-21.1. Priority for delinquent taxes.** When payment is made for any real or
8 personal property taxes or special assessments, payments must be applied first to the oldest
9 unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property
10 for which the tax payments are made, including any penalty and interest, except payments of a
11 legislative tax relief credit must be applied to taxes for the year for which the legislative tax
12 relief credit is granted. The discounts applicable to payment of taxes set out in section
13 57-20-09 do not apply to payment of taxes made on property upon which tax payments are
14 delinquent.

15 **SECTION 12. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota
16 Century Code is amended and reenacted as follows:

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

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1	If North Dakota taxable income is:	The tax is equal to:
2	Not over \$27,050 <u>\$31,850</u>	2.10%
3	Over \$27,050 <u>\$31,850</u> but not over	\$568.05 <u>\$668.85</u> plus 3.92% of amount
4	\$65,550 <u>\$77,100</u>	over \$27,050 <u>\$31,850</u>
5	Over \$65,550 <u>\$77,100</u> but not over	\$2,077.25 <u>\$2,442.65</u> plus 4.34% of amount
6	\$136,750 <u>\$160,850</u>	over \$65,550 <u>\$77,100</u>
7	Over \$136,750 <u>\$160,850</u> but not	\$5,167.33 <u>\$6,077.40</u> plus 5.04% of amount
8	over \$297,350 <u>\$349,700</u>	over \$136,750 <u>\$160,850</u>
9	Over \$297,350 <u>\$349,700</u>	\$13,261.57 <u>\$15,595.44</u> plus 5.54% of amount
10		over \$297,350 <u>\$349,700</u>

11 b. Married filing jointly and surviving spouse.

12	If North Dakota taxable income is:	The tax is equal to:
13	Not over \$45,200 <u>\$63,700</u>	2.10%
14	Over \$45,200 <u>\$63,700</u> but not over	\$949.20 <u>\$1,337.70</u> plus 3.92% of amount
15	\$109,250 <u>\$128,500</u>	over \$45,200 <u>\$63,700</u>
16	Over \$109,250 <u>\$128,500</u> but not	\$3,459.96 <u>\$3,877.86</u> plus 4.34% of amount
17	over \$166,500 <u>\$195,850</u>	over \$109,250 <u>\$128,500</u>
18	Over \$166,500 <u>\$195,850</u> but not	\$5,944.61 <u>\$6,800.85</u> plus 5.04% of amount
19	over \$297,350 <u>\$349,700</u>	over \$166,500 <u>\$195,850</u>
20	Over \$297,350 <u>\$349,700</u>	\$12,539.45 <u>\$14,554.89</u> plus 5.54% of amount
21		over \$297,350 <u>\$349,700</u>

22 c. Married filing separately.

23	If North Dakota taxable income is:	The tax is equal to:
24	Not over \$22,600 <u>\$31,850</u>	2.10%
25	Over \$22,600 <u>\$31,850</u> but not over	\$474.60 <u>\$668.85</u> plus 3.92% of amount
26	\$54,625 <u>\$64,250</u>	over \$22,600 <u>\$31,850</u>
27	Over \$54,625 <u>\$64,250</u> but not over	\$1,729.98 <u>\$1,938.93</u> plus 4.34% of amount
28	\$83,250 <u>\$97,925</u>	over \$54,625 <u>\$64,250</u>
29	Over \$83,250 <u>\$97,925</u> but not over	\$2,972.31 <u>\$3,400.43</u> plus 5.04% of amount
30	\$148,675 <u>\$174,850</u>	over \$83,250 <u>\$97,925</u>
31	Over \$148,675 <u>\$174,850</u>	\$6,269.73 <u>\$7,277.45</u> plus 5.54% of amount

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1		over \$148,675 <u>\$174,850</u>
2	d. Head of household.	
3	If North Dakota taxable income is:	The tax is equal to:
4	Not over \$36,250 <u>\$42,650</u>	2.10%
5	Over \$36,250 <u>\$42,650</u> but not over	\$761.25 <u>\$895.65</u> plus 3.92% of amount
6	\$93,650 <u>\$110,100</u>	over \$36,250 <u>\$42,650</u>
7	Over \$93,650 <u>\$110,100</u> but not over	\$3,011.33 <u>\$3,539.69</u> plus 4.34% of amount
8	\$151,650 <u>\$178,350</u>	over \$93,650 <u>\$110,100</u>
9	Over \$151,650 <u>\$178,350</u> but not	\$5,528.53 <u>\$6,501.74</u> plus 5.04% of amount
10	over \$297,350 <u>\$349,700</u>	over \$151,650 <u>\$178,350</u>
11	Over \$297,350 <u>\$349,700</u>	\$12,871.81 <u>\$15,137.78</u> plus 5.54% of amount
12		over \$297,350 <u>\$349,700</u>

13 e. Estates and trusts.

14	If North Dakota taxable income is:	The tax is equal to:
15	Not over \$1,800 <u>\$2,150</u>	2.10%
16	Over \$1,800 <u>\$2,150</u> but not over	\$37.80 <u>\$45.15</u> plus 3.92% of amount
17	\$4,250 <u>\$5,000</u>	over \$1,800 <u>\$2,150</u>
18	Over \$4,250 <u>\$5,000</u> but not over	\$133.84 <u>\$156.87</u> plus 4.34% of amount
19	\$6,500 <u>\$7,650</u>	over \$4,250 <u>\$5,000</u>
20	Over \$6,500 <u>\$7,650</u> but not over	\$231.49 <u>\$271.88</u> plus 5.04% of amount
21	\$8,900 <u>\$10,450</u>	over \$6,500 <u>\$7,650</u>
22	Over \$8,900 <u>\$10,450</u>	\$352.45 <u>\$413.00</u> plus 5.54% of amount
23		over \$8,900 <u>\$10,450</u>

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

- 27 (1) The numerator is the federal adjusted gross income allocable and
28 apportionable to this state; and
- 29 (2) The denominator is the federal adjusted gross income from all sources
30 reduced by the net income from the amounts specified in subdivisions a
31 and b of subsection 2.

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

5 g. For taxable years beginning after December 31, ~~2004~~ 2007, the tax
6 commissioner shall prescribe new rate schedules that apply in lieu of the
7 schedules set forth in subdivisions a through e. The new schedules must be
8 determined by increasing the minimum and maximum dollar amounts for each
9 income bracket for which a tax is imposed by the cost-of-living adjustment for
10 the taxable year as determined by the secretary of the United States treasury
11 for purposes of section 1(f) of the United States Internal Revenue Code of
12 1954, as amended. For this purpose, the rate applicable to each income
13 bracket may not be changed, and the manner of applying the cost-of-living
14 adjustment must be the same as that used for adjusting the income brackets
15 for federal income tax purposes.

16 **SECTION 13. AMENDMENT.** Section 57-55-04 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **57-55-04. Taxes - How determined - Disbursement.** The director of tax equalization
19 shall determine the tax for each mobile home by placing an evaluation on the mobile home
20 based upon its assessed value and by adjusting the valuation of the mobile home by the
21 percentage provided in section 57-02-27 to determine its taxable valuation under standards and
22 guides determined by the state tax commissioner and applying that evaluation to the preceding
23 year's total mill levies applying to property within the taxing district in which the mobile home is
24 located. The county treasurer shall provide a tax statement for each mobile home subject to
25 taxation under this chapter, including three columns showing, for the taxable year to which the
26 tax statement applies and the two immediately preceding taxable years, the property tax levy in
27 dollars against the mobile home by the city, county, and school district and the amount of
28 legislative tax relief credit that applies against the school district levy for the mobile home under
29 section 57-01-20. If a mobile home is acquired or moved into this state during the calendar
30 year and a tax permit has not been previously issued for such mobile home in this state for
31 such year, the tax is determined by computing the remaining number of months of the current

1 year to the nearest full month and multiplying that number by one-twelfth of the amount which
2 would be due for the full year. The taxes collected under this chapter must be disbursed in the
3 same year they are collected and in the same manner as real estate taxes for the preceding
4 year are disbursed.

5 **SECTION 14. APPROPRIATION.** There is appropriated out of any moneys in the
6 permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of
7 \$80,000,000, or so much of the sum as may be necessary, to the state treasurer to be
8 allocated in equal amounts in each year of the biennium for legislative tax relief credit payments
9 to school districts under section 57-01-20, for the biennium beginning July 1, 2007, and ending
10 June 30, 2009.

11 **SECTION 15. LEGISLATIVE INTENT - LEGISLATIVE COUNCIL STUDY.** It is the
12 intent of the sixtieth legislative assembly that enactment of this Act will initiate an increase in
13 the state's share of elementary and secondary education funding to secure immediate and
14 future benefits to the citizens of the state. These benefits include relief from the expanded
15 property tax burden that has created disparity within the tax structure of the state, enhanced
16 equity of funding to support elementary and secondary education students, enduring property
17 tax reductions, and returning to taxpayers a substantial measure of revenue collections
18 augmented by a robust state economy. It is the further intent of the sixtieth legislative
19 assembly that enactment of this Act will produce a reduction in property tax burdens which, with
20 continued efforts of future legislative assemblies, will result in reduction of each annual property
21 tax bill to an amount that is not more than one and one-half percent of the true and full value for
22 any parcel of property.

23 The legislative council shall study, in each legislative interim through 2012, compliance
24 with, and future funding sources for, the shift in education funding and taxation policy initiated
25 by enactment of this Act. The legislative council shall report its findings and recommendations,
26 together with any legislation necessary to implement the recommendations, to each
27 subsequent legislative assembly.

28 **SECTION 16. EFFECTIVE DATE.** Sections 1 through 11 and 13 of this Act are
29 effective for taxable years beginning after December 31, 2006, for ad valorem property taxes
30 and for taxable years beginning after December 31, 2007, for mobile home taxes. Section 12
31 of this Act is effective for taxable years beginning after December 31, 2006.