

SENATE BILL NO. 2290

Introduced by

Senators Dotzenrod, Mathern, Nelson

Representatives Gruchalla, Guggisberg, Onstad

1 A BILL for an Act to create and enact sections 57-02-08.9 and 57-38-01.34 and a new
2 subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating to
3 provision of property tax relief through a residential property tax reduction, renter's income tax
4 credit, or agricultural property tax credit; and to provide an effective date.

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

6 **SECTION 1.** Section 57-02-08.9 of the North Dakota Century Code is created and enacted
7 as follows:

8 **57-02-08.9. Residential property tax credit - Agricultural property tax credit -**

9 **Certification - Distribution.**

- 10 1. An individual is entitled to receive a reduction of four thousand five hundred dollars of
11 the taxable valuation of the individual's primary residence as provided in this section. A
12 reduction under this section applies regardless of whether the individual is the head of
13 a family. If an individual is entitled to a reduction in taxable valuation under this section
14 and section 57-02-08.1 or 57-02-08.8, any reduction under sections 57-02-08.1 and
15 57-02-08.8 must be applied first and then the reduction under this section must be
16 applied. The reduction under this section, alone or in combination with any other
17 reduction allowed by law, may not exceed the taxable valuation of the primary
18 residence.
- 19 2. An estate or trust or a corporation or passthrough entity that owns residential property
20 used as part of a farming or ranching operation is entitled to a reduction as provided in
21 subsection 1 if that residential property is occupied as a primary residence, as of the
22 assessment date of the taxable year, by an individual who is a beneficiary of the estate
23 or trust or who holds an ownership interest in the corporation or passthrough entity.
24 Either the occupant or the entity that owns the residence may be the applicant for

- 1 purposes of this subsection and the definition of primary residence under
2 subsection 13. An estate, trust, corporation, or passthrough entity may not claim a
3 reduction for more than one property under this section.
- 4 3. The reduction under this section continues to apply if the individual does not reside in
5 the primary residence if the individual's absence is due to confinement in a nursing
6 home, hospital, or other care facility, for as long as that confinement lasts and the
7 portion of the primary residence previously occupied by the individual is not rented to
8 another individual.
- 9 4. Individuals residing together, as spouses or when one or more is a dependent of
10 another, are entitled to only one reduction between or among them under this section.
11 Individuals residing together, who are not spouses or dependents, who are coowners
12 of the property are each entitled to a percentage of a full reduction under this section
13 equal to their ownership interests in the property.
- 14 5. To claim the reduction under this section, an applicant must sign and file with the
15 assessor, by March first of the year for which a reduction is claimed, a claim form
16 containing a verified statement of facts establishing the applicant's eligibility as of
17 February first of that year.
- 18 6. The assessor shall attach the statement filed under subsection 5 to the assessment
19 sheet and shall show the reduction on the assessment sheet.
- 20 7. All forms necessary to effectuate this section must be prescribed, designed, and made
21 available by the tax commissioner. Claim forms must include the full name, address,
22 and social security or taxpayer identification number of the applicant, and any other
23 information prescribed by the tax commissioner. The tax commissioner shall include
24 on claim forms a statement to the effect that the applicant, by signing, declares the
25 application to be true, correct, and complete and subject to the penalties under section
26 12.1-11-02 for making a false statement in a governmental matter. The county director
27 of tax equalization shall make these forms available to applicants upon request.
- 28 8. A social security or taxpayer identification number contained in any form under this
29 section is confidential and may be disclosed only to county officers, the tax
30 commissioner, or a court and only for purposes of administering this section. A county
31 officer, the tax commissioner, or a court in possession of a form or other document

1 under this section shall delete or obscure any social security or taxpayer identification
2 number on any copy of the form or other document released to the public.

3 9. A reduction under this section terminates at the end of the taxable year for which the
4 application was approved. A reduction under this section is effective for the entire
5 taxable year for which the application was approved, without regard to any change of
6 ownership of the residence which occurs after the assessment date.

7 10. If any applicant is found to have claimed a reduction under this section for more than
8 one primary residence for the same taxable year, all reductions under this section for
9 that applicant for that taxable year and the ensuing two taxable years must be
10 canceled. If an applicant received a reduction that is canceled under this section, the
11 auditor of the county in which such property is located shall enter the amount of the
12 canceled reduction as omitted property on the assessment roll of property that has
13 escaped taxation.

14 11. Determinations concerning eligibility for a reduction under this section may be
15 appealed through the informal equalization process and formal abatement process.

16 12. This section does not reduce the liability of any individual for special assessments
17 levied upon any property.

18 13. For the purposes of this section:

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

20 b. "Owned" means the applicant holds a present ownership interest, including
21 ownership in fee simple, holding a present life estate or other terminable present
22 ownership interest, or being a purchaser under a contract for deed, but does not
23 include a mere right of occupancy or a tenancy under a lease.

24 c. (1) "Primary residence", for purposes of a residential property taxable valuation
25 reduction under this section, means a dwelling in this state owned and
26 occupied by the applicant as that applicant's primary residence as of the
27 assessment date of the taxable year and which is not exempt from property
28 taxes as a farm residence.

29 (2) "Primary residence", for an applicant whose primary residence as of the
30 assessment date of the taxable year is exempt from property taxes as a
31 farm residence under section 57-02-08, includes up to six hundred forty

1 acres [258.99 hectares] of contiguous agricultural property owned by the
2 applicant.

3 14. Before April first of each year, the county auditor of each county shall certify to the tax
4 commissioner, on forms prescribed by the tax commissioner, the full name, address,
5 and social security or taxpayer identification number of each individual or entity for
6 whom the reduction under this section was allowed for the preceding year, the legal
7 description of the property, the taxable value of the property, the dollar amount of each
8 reduction in taxable value allowed, and the total of the tax mill rates for the preceding
9 year of all taxing districts in which the property was contained, exclusive of any state
10 mill rates, and any other information prescribed by the tax commissioner.

11 15. By June first of each year, the tax commissioner shall review the certifications under
12 subsection 14, make any required corrections, and certify to the state treasurer for
13 payment to each county the sum of the amounts computed by multiplying the
14 reduction allowed for each qualifying primary residence in the county for the preceding
15 year by the total of the tax mill rates for the preceding year of all taxing districts in
16 which the property was contained. In reviewing certifications, the tax commissioner
17 may refer to any income tax return information or other information available to the tax
18 commissioner.

19 16. Upon receipt of the payment from the state treasurer, the county treasurer shall
20 apportion and distribute it without delay to the county and to the taxing districts of the
21 county on the same basis the general real estate tax for the preceding year is
22 apportioned and distributed.

23 17. The tax commissioner shall certify annually to the state treasurer for deposit in the
24 state medical center fund the amount computed by multiplying one mill times the
25 reduction allowed under this section for the preceding year for all primary residences
26 in the state.

27 18. 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.

1 **SECTION 2.** Section 57-38-01.34 of the North Dakota Century Code is created and enacted
2 as follows:

3 **57-38-01.34. Renter's income tax credit - Property tax relief.**

- 4 1. An individual who rents living quarters in this state which are that individual's primary
5 residence is eligible for a refundable credit against state income tax liability under
6 section 57-38-30.3 for a portion of the individual's annual rent for that residence
7 deemed by this section to constitute the payment of property taxes.
- 8 2. For purposes of this section, fifteen percent of the annual rent, exclusive of any federal
9 rent subsidy and of charges for any utilities, services, furniture, furnishings, or
10 personal property appliances furnished by the landlord as part of the rental agreement,
11 whether or not expressly set out in the rental agreement, is deemed to be payment
12 made for property taxes and the applicant is entitled to a credit for that amount, but not
13 in excess of nine hundred dollars.
- 14 3. Individuals who reside together in a rental unit, as spouses or when one or more is a
15 dependent of another, are entitled to only one credit between or among them under
16 this section. Individuals who reside together in a rental unit, who are not spouses or
17 dependents, are each entitled to apply for a portion of a full credit based on the portion
18 of the rent paid by the applicant.
- 19 4. This section does not apply to rents or fees paid by, or on behalf of, an individual for
20 any living quarters, including a nursing home licensed pursuant to section 23-16-01, if
21 those living quarters are exempt from property taxation and the owner is not making a
22 payment in lieu of property taxes.
- 23 5. An individual may not receive a credit under this section for a taxable year for which
24 that individual received a residential property tax credit under section 57-02-08.9.
- 25 6. If any applicant is found to have fraudulently claimed and received a credit under this
26 section, in addition to any other penalty provided by law, any credit to which that
27 applicant would be entitled for that taxable year and the ensuing two taxable years
28 under this section must be canceled. The tax commissioner shall seek return of any
29 credit allowed under this section to which an applicant is not entitled.
- 30 7. For purposes of a renter's credit under this section, "primary residence" means a
31 dwelling in this state rented and occupied by the applicant as that applicant's primary

1 residence. For purposes of a renter's credit, an individual may have more than one
2 primary residence during a taxable year but not more than one at a time.

3 **SECTION 3.** A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota
4 Century Code is created and enacted as follows:

5 Renter's income tax credit under section 57-38-01.34.

6 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
7 December 31, 2012.