

Introduced by

Senators Klein, Cook, Hogue, G. Lee

Representatives Dockter, Toman

1 A BILL for an Act to amend and reenact section 47-18-01, subsection 4 of section 47-18-04,
2 section 47-18-14, and subsections 1 and 2 of section 57-02-08.1 of the North Dakota Century
3 Code, relating to the homestead exemption, when the homestead is subject to exemption,
4 exempt proceeds of sale, and the homestead tax credit; and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Section 47-18-01 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **47-18-01. Homestead exemption - Area and value.**

9 The homestead of any individual, whether married or unmarried, residing in this state
10 consists of the land upon which the claimant resides, and the dwelling house on that land in
11 which the homestead claimant resides, with all its appurtenances, and all other improvements
12 on the land, the total not to exceed one hundred fifty thousand dollars in value, over and above
13 liens or encumbrances or both. The homestead shall be exempt from judgment lien and from
14 execution or forced sale, except as otherwise provided in this chapter. The homestead may not
15 embrace different lots or tracts of land unless the lots or tracts of land are contiguous. For
16 purposes of this section, "contiguous" means two or more tracts of real property which share a
17 common point or which would share a common point but for an intervening road or right of way.

18 **SECTION 2. AMENDMENT.** Subsection 4 of section 47-18-04 of the North Dakota Century
19 Code is amended and reenacted as follows:

20 4. On all other debts when, upon an appraisal as provided by section 47-18-06, it
21 appears that the value of the homestead is more than one hundred fifty thousand
22 dollars over and above liens or encumbrances on the homestead, and then only to the
23 extent of any value in excess of the sum total of the liens and encumbrances plus said
24 one hundred fifty thousand dollars.

1 **SECTION 3. AMENDMENT.** Section 47-18-14 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **47-18-14. Proceeds of sale exempt - Disposition.**

4 If the sale of a homestead is made as provided in section 47-18-13, the proceeds thereof to
5 the amount of the homestead exemption must be paid to the claimant and the residue applied
6 to the satisfaction of the execution. When the execution is against a married claimant whose
7 spouse is living, the court may direct that the one hundred fifty thousand dollars be deposited in
8 court to be paid out only on the joint receipt of the husband and wife, and it shall possess all the
9 protection against legal process and voluntary disposition by either spouse as did the original
10 homestead premises whether paid directly to the claimant or to the husband and wife jointly.

11 **SECTION 4. AMENDMENT.** Subsections 1 and 2 of section 57-02-08.1 of the North Dakota
12 Century Code are amended and reenacted as follows:

- 13 1. a. Any person sixty-five years of age or older or permanently and totally disabled, in
14 the year in which the tax was levied, with an income that does not exceed the
15 limitations of subdivision c is entitled to receive a reduction in the assessment on
16 the taxable valuation on the person's homestead. An exemption under this
17 subsection applies regardless of whether the person is the head of a family.
- 18 b. The exemption under this subsection continues to apply if the person does not
19 reside in the homestead and the person's absence is due to confinement in a
20 nursing home, hospital, or other care facility, for as long as the portion of the
21 homestead previously occupied by the person is not rented to another person.
- 22 c. The exemption must be determined according to the following schedule:
- 23 (1) If the person's income is not in excess of ~~twenty-two~~twenty-five thousand
24 dollars, a reduction of one hundred percent of the taxable valuation of the
25 person's homestead up to a maximum reduction of ~~four~~six thousand
26 ~~five~~seven hundred fifty dollars of taxable valuation.
- 27 (2) If the person's income is ~~in excess of twenty-two~~exceeds twenty-five
28 thousand dollars and is not in excess of ~~twenty-six~~thirty thousand dollars, a
29 reduction of eighty percent of the taxable valuation of the person's
30 homestead up to a maximum reduction of ~~three~~five thousand ~~six~~four
31 hundred dollars of taxable valuation.

- 1 (3) If the person's income is ~~in excess of twenty-six~~exceeds thirty thousand
2 dollars and is not in excess of ~~thirty~~thirty-five thousand dollars, a reduction
3 of sixty percent of the taxable valuation of the person's homestead up to a
4 maximum reduction of ~~two~~four thousand ~~seven hundred~~fifty dollars of
5 taxable valuation.
- 6 (4) If the person's income is ~~in excess of thirty~~exceeds thirty-five thousand
7 dollars and is not in excess of ~~thirty-four~~forty thousand dollars, a reduction
8 of forty percent of the taxable valuation of the person's homestead up to a
9 maximum reduction of ~~one~~two thousand ~~eight~~seven hundred dollars of
10 taxable valuation.
- 11 (5) If the person's income is ~~in excess of thirty-four~~exceeds forty thousand
12 dollars and is not in excess of ~~thirty-eight~~forty-five thousand dollars, a
13 reduction of twenty percent of the taxable valuation of the person's
14 homestead up to a maximum reduction of ~~nine~~one thousand three hundred
15 fifty dollars of taxable valuation.
- 16 (6) If the person's income is ~~in excess of thirty-eight~~exceeds forty-five thousand
17 dollars and is not in excess of ~~forty-two~~fifty thousand dollars, a reduction of
18 ten percent of the taxable valuation of the person's homestead up to a
19 maximum reduction of ~~four~~six hundred ~~fifty~~seventy-five dollars of taxable
20 valuation.
- 21 d. Persons residing together, as spouses or when one or more is a dependent of
22 another, are entitled to only one exemption between or among them under this
23 subsection. Persons residing together, who are not spouses or dependents, who
24 are coowners of the property are each entitled to a percentage of a full exemption
25 under this subsection equal to their ownership interests in the property.
- 26 e. This subsection does not reduce the liability of any person for special
27 assessments levied upon any property.
- 28 f. Any person claiming the exemption under this subsection shall sign a verified
29 statement of facts establishing the person's eligibility.
- 30 g. A person is ineligible for the exemption under this subsection if the value of the
31 assets of the person and any dependent residing with the person exceeds five

1 hundred thousand dollars, including the value of any assets divested within the
2 last three years.

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

5 i. An exemption under this subsection terminates at the end of the taxable year of
6 the death of the applicant.

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

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

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

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

- 1 e. This subsection does not apply to rents or fees paid by a person for any living
2 quarters, including a nursing home licensed pursuant to section 23-16-01, if
3 those living quarters are exempt from property taxation and the owner is not
4 making a payment in lieu of property taxes.
- 5 f. A person may not receive a refund under this section for a taxable year in which
6 that person received an exemption under subsection 1.

7 **SECTION 5. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
8 December 31, 2014.