

Introduced by

Legislative Management

(Taxation Committee)

1 A BILL for an Act to create and enact section 57-02-08.9 of the North Dakota Century Code,
2 relating to a residential property tax credit; to provide an appropriation; and to provide an
3 effective date.

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

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

7 **57-02-08.9. Residential property tax credit - Certification - Distribution.**

- 8 1. An individual is entitled to receive a reduction of three thousand three hundred
9 seventy-five dollars of the taxable valuation of the individual's primary residence as
10 provided in this section. For an individual sixty-five years of age or older, the reduction
11 to which the individual is entitled as provided in this section is increased to five
12 thousand six hundred twenty-five dollars of the taxable valuation of the individual's
13 primary residence. A reduction under this section applies regardless of whether the
14 individual is the head of a family. If an individual is entitled to a reduction in taxable
15 valuation under this section and section 57-02-08.1 or 57-02-08.8, any reduction under
16 sections 57-02-08.1 and 57-02-08.8 must be applied first and then the reduction under
17 this section must be applied, not exceeding any remaining taxable valuation of the
18 primary 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 home which occurs after the assessment date.
- 7 10. If any applicant is found to have claimed and received a reduction under this section
8 for more than one primary residence for the same taxable year, all reductions received
9 by that applicant for that taxable year under this section must be canceled for that
10 taxable year and the ensuing two taxable years. The auditor of each county in which
11 such property is located shall enter the amount of the canceled reduction as omitted
12 property on the assessment roll of property that has escaped taxation.
- 13 11. Determinations concerning eligibility for a reduction under this section may be
14 appealed through the informal equalization process and formal abatement process.
- 15 12. This section does not reduce the liability of any individual for special assessments
16 levied upon any property.
- 17 13. For the purposes of this section:
- 18 a. "Dependent" has the same meaning it has for federal income tax purposes.
19 b. "Owned" means the applicant holds a present ownership interest, including
20 ownership in fee simple, holding a present life estate or other terminable present
21 ownership interest, or being a purchaser under a contract for deed, but does not
22 include a mere right of occupancy or a tenancy under a lease.
23 c. "Primary residence" means a dwelling in this state owned and occupied by the
24 applicant as that applicant's primary residence as of the assessment date of the
25 taxable year.
- 26 14. Before April first of each year, the county auditor of each county shall certify to the tax
27 commissioner, on forms prescribed by the tax commissioner, the full name, address,
28 and social security or taxpayer identification number of each individual or entity for
29 whom the reduction under this section was allowed for the preceding year, the legal
30 description of the property, the taxable value of the property, the dollar amount of each
31 reduction in taxable value allowed, and the total of the tax mill rates for the preceding

- 1 year of all taxing districts in which the property was contained, exclusive of any state
2 mill rates, and any other information prescribed by the tax commissioner.
- 3 15. By June first of each year, the tax commissioner shall review the certifications under
4 subsection 14, make any required corrections, and certify to the state treasurer for
5 payment to each county the sum of the amounts computed by multiplying the
6 reduction allowed for each qualifying primary residence in the county for the preceding
7 year by the total of the tax mill rates for the preceding year of all taxing districts in
8 which the property was located. In reviewing certifications, the tax commissioner may
9 refer to any income tax return information or other information available to the tax
10 commissioner.
- 11 16. Upon receipt of the payment from the state treasurer, the county treasurer shall
12 apportion and distribute it without delay to the county and to the taxing districts of the
13 county on the same basis the general real estate tax for the preceding year is
14 apportioned and distributed.
- 15 17. The tax commissioner shall certify annually to the state treasurer for deposit in the
16 state medical center fund the amount computed by multiplying one mill times the
17 reduction allowed under this section for the preceding year for all primary residences
18 in the state.
- 19 18. 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 any corrections necessary because of errors or approval of any
22 application for equalization or abatement filed by an individual or entity because all or
23 part of the reduction under this section was not allowed.

24 **SECTION 2. APPROPRIATION.** There is appropriated out of any moneys in the general
25 fund in the state treasury, not otherwise appropriated, the sum of \$384,000,000, or so much of
26 the sum as may be necessary, to the state treasurer for the purpose of residential property tax
27 credit funds to counties under section 57-02-08.9, for the biennium beginning July 1, 2013, and
28 ending June 30, 2015.

29 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
30 December 31, 2012.