

HOUSE BILL NO. 1285

Introduced by

Representatives Kasper, Ruby, Thoreson, Weiler

Senator Fischer

1 A BILL for an Act to amend and reenact subsections 1 and 2 of section 57-02-08.1 of the North
2 Dakota Century Code, relating to the homestead credit; and to provide an effective date.

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

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

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

1 maximum reduction of three thousand six hundred dollars of taxable
2 valuation.

3 (3) If the person's taxable income is in excess of ~~twenty~~thirty thousand dollars
4 and not in excess of ~~twenty-two~~thirty-five thousand dollars, a reduction of
5 sixty percent of the taxable valuation of the person's homestead up to a
6 maximum reduction of two thousand ~~seven~~eight hundred eighty dollars of
7 taxable valuation.

8 (4) If the person's taxable income is in excess of ~~twenty-two~~thirty-five thousand
9 dollars and not in excess of ~~twenty-four~~forty thousand dollars, a reduction of
10 forty percent of the taxable valuation of the person's homestead up to a
11 maximum reduction of one thousand ~~eight~~nine hundred twenty dollars of
12 taxable valuation.

13 ~~(5) If the person's income is in excess of twenty-four thousand dollars and not~~
14 ~~in excess of twenty-six thousand dollars, a reduction of twenty percent of~~
15 ~~the taxable valuation of the person's homestead up to a maximum reduction~~
16 ~~of nine hundred dollars of taxable valuation.~~

17 d. Persons residing together, as spouses or when one or more is a dependent of
18 another, are entitled to only one exemption between or among them under this
19 subsection. Persons residing together, who are not spouses or dependents, who
20 are coowners of the property are each entitled to a percentage of a full exemption
21 under this subsection equal to their ownership interests in the property.

22 e. This subsection does not reduce the liability of any person for special
23 assessments levied upon any property.

24 f. Any person claiming the exemption under this subsection shall sign a verified
25 statement of facts establishing the person's eligibility.

26 g. A person is ineligible for the exemption under this subsection if the value of the
27 assets of the person and any dependent residing with the person, excluding the
28 unencumbered value of the person's residence that the person claims as a
29 homestead, exceeds ~~seventy-five~~one hundred fifty thousand dollars, including
30 the value of any assets divested within the last three years. For purposes of this
31 subdivision, the unencumbered valuation of the homestead is limited to one

1 hundred fifty thousand dollars. For purposes of this subdivision, "assets" does not
2 include the value of any amount held in the name of, or for the benefit of, the
3 person or the person's spouse or dependent in a qualified retirement plan;
4 section 401(k), 403(b), or 457 plan; employee stock ownership plan; simplified
5 employee pension plan; or an individual retirement account of any type
6 recognized in the Internal Revenue Code.

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

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

11 j. For purposes of this subsection, "taxable income" means taxable income as
12 computed for federal income tax purposes.

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

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

28 c. Persons who reside together, as spouses or when one or more is a dependent of
29 another, are entitled to only one refund between or among them under this
30 subsection. Persons who reside together in a rental unit, who are not spouses or

1 dependents, are each entitled to apply for a refund based on the rent paid by that
2 person.

3 d. Each application for refund under this subsection must be made to the tax
4 commissioner before the first day of June of each year by the person claiming the
5 refund. The tax commissioner may grant an extension of time to file an
6 application for good cause. The tax commissioner shall issue refunds to
7 applicants.

8 e. This subsection does not apply to rents or fees paid by a person for any living
9 quarters, including a nursing home licensed pursuant to section 23-16-01, if
10 those living quarters are exempt from property taxation and the owner is not
11 making a payment in lieu of property taxes.

12 f. A person may not receive a refund under this section for a taxable year in which
13 that person received an exemption under subsection 1.

14 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
15 December 31, 2010, for ad valorem property taxes and for taxable years beginning after
16 December 31, 2011, for mobile home taxes.