

Introduced by

Senators Sinner, Dotzenrod, Laffen

Representatives Becker, Delmore, Hogan

1 A BILL for an Act to create and enact sections 57-15-01.2 and 57-20-07.2 of the North Dakota
2 Century Code, relating to a legislative property tax relief credit; to amend and reenact
3 subsection 35 of section 57-02-08, and sections 57-20-07.1, 57-20-09, 57-20-21.1, and
4 57-32-03 of the North Dakota Century Code, relating to contents of property tax statements,
5 priority for delinquent taxes, and the discount for early payment of property taxes; to repeal
6 chapter 57-64 of the North Dakota Century Code, relating to elimination of the school district
7 mill levy reduction grant program; to provide an appropriation; and to provide an effective date.

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

9 **SECTION 1. AMENDMENT.** Subsection 35 of section 57-02-08 of the North Dakota
10 Century Code is amended and reenacted as follows:

- 11 35. Up to one hundred fifty thousand dollars of the true and full value of all new
12 single-family and condominium and townhouse residential property, exclusive of the
13 land on which it is situated, is exempt from taxation for the first two taxable years after
14 the taxable year in which construction is completed and the residence is owned and
15 occupied for the first time if all of the following conditions are met:
- 16 a. The governing body of the city, for property within city limits, or the governing
17 body of the county, for property outside city limits, has approved the exemption of
18 the property by resolution. A resolution adopted under this subsection may be
19 rescinded or amended at any time. The governing body of the city or county may
20 limit or impose conditions upon exemptions under this subsection, including
21 limitations on the time during which an exemption is allowed.
 - 22 b. Special assessments and taxes on the property upon which the residence is
23 situated are not delinquent.

- 1 c. The governing body of the city or county may not grant exemptions under this
2 subsection for property on which construction is completed and the residence is
3 owned and occupied for the first time during taxable years 2013 or 2014.

4 **SECTION 2.** Section 57-15-01.2 of the North Dakota Century Code is created and enacted
5 as follows:

6 **57-15-01.2. Property tax levy limitation for taxing districts.**

- 7 1. Notwithstanding that a taxing district may have unused or excess levy authority under
8 any other provision of law, this section limits that authority. This section may not be
9 interpreted as authority to increase any levy limitation otherwise provided by law and
10 may be applied only to limit the total amount of consolidated levy authority that a
11 taxing district may otherwise be entitled to use.
- 12 2. Property taxes in dollars levied by a taxing district for all purposes may not exceed by
13 more than ten percent the amount levied in dollars by that taxing district for all
14 purposes against taxable property in that taxing district in the preceding taxable year
15 except:
- 16 a. When a taxable improvement to property has been made or property has been
17 added to the taxing district which was not taxable in the previous taxable year,
18 sixty percent of the additional taxable valuation attributable to the improvement or
19 additional property may be added to the taxable valuation of the taxing district.
- 20 b. When a property tax exemption that existed in the previous taxable year has
21 been reduced or no longer exists, sixty percent of the portion of the taxable
22 valuation of the property which is no longer exempt may be added to the taxable
23 valuation of the taxing district.
- 24 c. When a property tax exemption exists for property that was taxable in the
25 previous year, the amount levied in dollars in the previous taxable year by the
26 taxing district must be reduced by the amount determined by applying the
27 previous year's calculated mill rate for that taxing district to the previous year's
28 taxable valuation of that property before the increase allowable under this
29 subsection is applied.
- 30 d. When temporary mill levy increases authorized by the electors of the taxing
31 district or mill levies authorized by state law existed in the previous taxable year

- 1 but are no longer applicable or have been reduced, the amount levied in dollars
2 in the previous taxable year by the taxing district must be adjusted to reflect the
3 expired temporary mill levy increases and the reduced or eliminated mill levies
4 authorized by state law before the increase allowable under this subsection is
5 applied.
- 6 3. The limitation under subsection 2 does not apply to:
- 7 a. New or increased mill levies authorized by state law or the electors of the taxing
8 district which did not exist in the previous taxable year.
- 9 b. Any irrevocable tax to pay bonded indebtedness levied under section 16 of
10 article X of the Constitution of North Dakota.
- 11 4. The mill rate applied to property that was not taxed in the previous taxable year may
12 not exceed the mill rate determined by law for the current taxable year for property that
13 was taxed in the previous taxable year.
- 14 5. The limitation under this section may not be superseded by a city or county under
15 home rule authority but may be suspended within a taxing district, for approval of use
16 of all or part of unused or excess levy authority under any other provision of law, by
17 approval of a majority of electors of the taxing district voting on the question at a
18 regular or special election of the taxing district. A ballot measure for levy increase
19 authority under this subsection must state the percentage rate of the proposed
20 increase in levy authority in dollars and state for which years the increase in levy
21 authority would apply.
- 22 6. The limitation determined for a school district under this section is also subject to the
23 following adjustments:
- 24 a. The dollar amount levied in the previous year must be increased by the amount
25 the school district's mill levy reduction grant under section 57-64-02 or legislative
26 property tax relief credit under section 57-20-07.2 for the previous year exceeds
27 the amount of the school district's legislative property tax relief credit under
28 section 57-20-07.2 for the current year.
- 29 b. The dollar amount levied in the previous year must be reduced by the amount the
30 school district's legislative property tax relief credit under section 57-20-07.2 for
31 the current year exceeds the amount of the school district's mill levy reduction

1 grant under section 57-64-02 or legislative property tax relief credit under section
2 57-20-07.2 for the previous year.

3 **SECTION 3. AMENDMENT.** Section 57-20-07.1 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **57-20-07.1. County treasurer to mail real estate tax statement.**

6 On or before December twenty-sixth of each year, the county treasurer shall mail a real
7 estate tax statement to the owner of each parcel of real property at the owner's last-known
8 address. The statement must be provided in a manner that allows the taxpayer to retain a
9 printed record of the obligation for payment of taxes and special assessments as provided in
10 the statement. If a parcel of real property is owned by more than one individual, the county
11 treasurer shall send only one statement to one of the owners of that property. Additional copies
12 of the tax statement will be sent to the other owners upon their request and the furnishing of
13 their names and addresses to the county treasurer. The tax statement must include a dollar
14 valuation of the true and full value as defined by law of the property and the total mill levy
15 applicable. The tax statement must include, or be accompanied by a separate sheet, with three
16 columns showing, for the taxable year to which the tax statement applies and the two
17 immediately preceding taxable years, the property tax levy in dollars against the parcel by the
18 county and school district and any city or township that levied taxes against the parcel. The tax
19 statement must include a line item with the statement "legislative property tax relief credit" and
20 the dollar amount of the credit that applies against the taxes due for the preceding year under
21 section 57-20-07.2. Failure of an owner to receive a statement will not relieve that owner of
22 liability, nor extend the discount privilege past the February fifteenth deadline.

23 **SECTION 4.** Section 57-20-07.2 of the North Dakota Century Code is created and enacted
24 as follows:

25 **57-20-07.2. Legislative property tax relief credit.**

26 1. The owner of a parcel of taxable residential, agricultural, commercial, or centrally
27 assessed property, or property containing one or more of those classifications of
28 taxable property, is entitled to a credit against property taxes levied against that
29 property.

30 a. The credit applies to the total amount of property taxes in dollars levied against
31 the taxable value of the property. The credit is equal to:

- 1 (1) Forty percent of 2012 property taxes in dollars levied against residential,
2 agricultural, or commercial property;
- 3 (2) Forty percent of 2013 mobile home taxes in dollars levied against residential
4 or commercial mobile homes under chapter 57-55; and
- 5 (3) Forty percent of 2012 property taxes in dollars levied against centrally
6 assessed property under chapter 57-06.
- 7 b. If a parcel of property contains residential property and agricultural or commercial
8 property, or residential and both agricultural and commercial property, the county
9 treasurer shall allow the credit in the appropriate percentage under subdivision a
10 against property taxes in dollars levied against each classification of property on
11 the parcel.
- 12 2. The owner, operator, or lessee of railroad property assessed by the state board of
13 equalization under chapter 57-05 is entitled to a credit against property taxes levied
14 within each county against that property in the amount of forty percent of 2012
15 property taxes levied in dollars against that property.
- 16 3. The owner, operator, or lessee of operative property of an air carrier transportation
17 company assessed and taxed under chapter 57-32 is entitled to a credit in the amount
18 of forty percent of 2012 taxes in dollars levied against that property. The tax
19 commissioner shall determine the total amount of credits under this subsection and
20 certify the amount to the state treasurer for transfer from the general fund to the air
21 transportation fund. The credit for each air carrier transportation company must be
22 allocated to each city or municipal airport authority where that company makes
23 regularly scheduled landings, in the same manner as the tax collected from that
24 company is allocated.
- 25 4. The tax commissioner shall determine the total amount of credits under subsections 1
26 and 2 for each county from the 2012 abstract of the tax list filed by the county auditor
27 under section 57-20-04, as audited and corrected by the tax commissioner. The tax
28 commissioner shall certify to the state treasurer for payment, by June first following
29 receipt of the current abstract of the tax list, the amount determined for each county
30 under this subsection. No penalty or interest applies to any state payment under this
31 section, regardless of when the payment is made.

- 1 5. Upon receipt of the payment from the state treasurer under subsection 4, the county
2 treasurer shall apportion and distribute it to the county and the taxing districts in the
3 county on the basis on which the general real estate tax for the preceding year is
4 apportioned and distributed.
- 5 6. After payments to counties under subsection 4 have been made, the tax commissioner
6 shall certify to the state treasurer as necessary any supplemental amounts payable to
7 counties or the air transportation fund or any amounts that must be returned by
8 counties or returned from the air transportation fund for deposit in the state general
9 fund to correct any errors in payments or reflect any abatement or compromise of
10 taxes, court-ordered tax reduction or increase, or levy of taxes against omitted
11 property. The county auditor shall provide any supplemental information requested by
12 the tax commissioner after submission of the abstract of the tax list. The county
13 treasurer shall apply to the tax commissioner for any supplemental payments to which
14 the county treasurer believes the county is entitled.
- 15 7. Notwithstanding any other provision of law, the property tax credit under this section
16 does not apply to any property other than mobile homes subject to payments or taxes
17 in lieu of personal or real property taxes.

18 **SECTION 5. AMENDMENT.** Section 57-20-09 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **57-20-09. Discount for early payment of tax.**

21 Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent
22 discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of
23 real property in any one year in full on or before February fifteenth prior to the date of
24 delinquency. Such discount applies ~~to~~ after deduction of any credit allowed under section
25 57-20-07.2, to the net remaining amount of all general real estate taxes levied for state, county,
26 city, township, school district, fire district, park district, and any other taxing districts but does not
27 apply to personal property taxes or special assessment installments. Whenever the board of
28 county commissioners, by resolution, determines that an emergency exists in the county by
29 virtue of weather or other catastrophe, it may extend the discount period for an additional thirty
30 days.

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

3 **57-20-21.1. Priority for delinquent taxes.**

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

11 **SECTION 7. AMENDMENT.** Section 57-32-03 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **57-32-03. Tax statements prepared by state tax commissioner - When due and**
14 **delinquent.**

15 On or before the thirty-first day of March in each year, the tax commissioner shall provide
16 each company assessed under the provisions of this chapter a statement of its taxes due for
17 the preceding year, with the valuations and taxes assessed in each case. The tax statement
18 must include a line item with the statement "legislative property tax relief credit" and the dollar
19 amount of the credit that applies against the taxes due for the preceding year under section
20 57-20-07.2. Such taxes are due upon the fifteenth day of April next following the date of the
21 statement of taxes due. The taxes become delinquent on the first day of May next following the
22 due date and, if not paid on or before said date, are subject to a penalty of two percent and, on
23 June first following delinquency, an additional penalty of two percent and, on July first following
24 delinquency, an additional penalty of two percent and, an additional penalty of two percent on
25 October fifteenth following delinquency. From and after January first of the year following the
26 year in which the taxes became due and payable, simple interest at the rate of twelve percent
27 per annum upon the principal of the unpaid taxes must be charged until such taxes and
28 penalties are paid, with such interest charges to be prorated to the nearest full month for a
29 fractional year of delinquency. All the provisions of the law respecting delinquency of personal
30 property assessments generally so far as may be consistent with the provisions of this chapter
31 are applicable equally to the assessments and taxes provided for in this chapter.

1 **SECTION 8. REPEAL.** Chapter 57-64 of the North Dakota Century Code is repealed.

2 **SECTION 9. APPROPRIATION.** There is appropriated out of any moneys in the general
3 fund in the state treasury, not otherwise appropriated, the sum of \$800,000,000, or so much of
4 the sum as may be necessary, to the state treasurer for the purpose of legislative property tax
5 relief credits under section 57-20-07.2, for the biennium beginning July 1, 2013, and ending
6 June 30, 2015.

7 **SECTION 10. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
8 December 31, 2012.