



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER

Ryan Rauschenberger, Commissioner

HOMESTEAD TAX CREDIT PRESENTATION

INTERIM TAXATION COMMITTEE
SENATOR COOK, CHAIRMAN
July 30, 2014

Homestead Tax Credit Overview

A homeowner, who is age 65 or older or permanently and totally disabled, may qualify for a reduction in the taxable value of the homestead. The amount of credit is determined by the income received by the applicant, plus the income of a spouse and any dependents, for the preceding calendar year.

Requirements:

- Applies to all contiguous land and improvements not to exceed \$100,000 in value.
- Applicant must reside on the property for which the credit is claimed and, as of February 1, have an interest in the property.
- The applicant must be 65 years of age or older, or permanently and totally disabled.
- Proof of permanent and total disability must be established and an assessor may require a new physician's certificate if there is evidence of a change in eligibility.
- A mobile home qualifies for the credit if the mobile home is the applicant's homestead.
- A person whose homestead is exempt as a farm residence is not eligible for the credit.
- Applicant may not have assets in excess of \$500,000 including the market value of the homestead.

Calculation of the credit:

- The credit applied directly to the taxable value of the homestead.
- The maximum credit allowed is as follows:

If the applicant's income is	Taxable value is reduced by	Maximum Reduction
\$0 - \$22,000	100%	4,500
\$22,001 - \$26,000	80%	3,600
\$26,001 - \$30,000	60%	2,700
\$30,001 - \$34,000	40%	1,800
\$34,001 - \$38,000	20%	900
\$38,001 - \$42,000	10%	450

- The applicant's tax statement shows the reduced taxable value.
- The state reimburses counties for the real estate tax based on homestead credit allowed.

Homestead Tax Credit Statistics

Counties report homestead credits to the Office of the State Tax Commissioner by March 1 each year. The report may contain the abatements filed against prior years' taxes. The amounts below do not include the payment to the State Medical Center.

Assessment Year	Taxable Value of Credit	Payment Amount	Qualifying Applicants	Percent Change of Qualifying Applicants
2013	16,900,066	\$4,905,350.91	6,740	58%
2012	9,858,073	\$3,337,979.47	4,265	-2%
2011	9,466,117	\$3,298,073.84	4,359	-2%
2010	9,466,235	\$3,362,021.25	4,451	12%
2009	8,074,922	\$2,904,644.23	3,977	

Applicant's Income	Qualifying Applicants	Percent of Applicants	Credit Value Ranges	Qualifying Applicants	Percent of Applicants
\$ 0 - 22,000	5,015	74.41%	4,500	1498	22.23%
22,001 - 26,000	614	9.11%	4,499 - 3,600	774	11.48%
26,001 - 30,000	415	6.16%	3,599 - 2,700	887	13.16%
30,001 - 34,000	334	4.95%	2,699 - 1,800	1034	15.34%
34,001 - 38,000	231	3.43%	1,799 - 900	1274	18.90%
38,001 - 42,000	131	1.94%	899 - 450	771	11.44%
			449 - 0	502	7.45

Appropriations

2011 - 2013 Biennium \$8,792,788.

2013 - 2015 Biennium \$20,000,000.

Reference	Payment Amount	Appropriation Balance
2011 - 2013 Biennium		\$8,792,788.00
Homestead Credit Payment to Counties	\$6,635,797.65	
State Medical Center Payment	\$19,326.44	
Renter Refund Payments	\$1,167,818.14	
Special Assessment Payments	\$9,450.70	
Appropriation Balance		\$960,395.07
2013 - 2015 Biennium		\$20,000,000.00
Renter Refund Payment (2013 carry over)	\$400.00	
Homestead Credit Payment to Counties	\$4,905,350.91	
State Medical Center Payment	\$16,900.07	
Renter Refund Payments	\$724,736.49	
Special Assessment Payments	\$3,728.53	
Appropriation Balance		\$14,348,884.00

Renter Refund Program

A renter may qualify for a refund of a portion of the rent deemed to represent property taxes. A renter must meet the same income requirements as a homeowner. The income in the previous year cannot exceed \$42,000. No refund may be made to a person who pays rent or fees for any living quarters that are exempt from taxation. Applications must be filed with the Office of State Tax Commissioner before June 1 each year. There is no provision for applying for a prior year's renter's refund.

Requirements:

- The applicant must be 65 years of age or older, or permanently and totally disabled.
- A renter must meet the same income requirements as a homeowner.
- A renter is not subject to any asset requirements.
- A qualifying owner of a mobile home located on a rented lot may apply for the homeowner's property tax credit on the mobile home and a renter's refund of part of the lot rent paid.
- In order for the applicant to receive a refund of part of the rent paid, 20% of the annual rent payments must exceed 4% of the applicant's annual income.
 - Example:
 - A renter pays \$450 rent per month (\$5,400 per year).
 - The renter's income is \$18,000.
 - 20% of \$5,400 is \$1,080.
 - 4% of \$18,000 is \$720.
 - \$1,080 minus \$720 equals \$360.
 - The renter is entitled to a refund of \$360.
- A refund may not exceed \$400. A qualifying applicant will receive no less than a \$5 refund.
- The estate of a deceased applicant may apply for a refund for the portion of the previous year during which the applicant paid rent.

Renter Refund Statistics

For 2014 renter refund program, the total amount paid was \$724,736.49, with 2683 qualifying applicants and an average payment was \$270.12.

Payment Range	Applicants	Net Income	Applicants
\$400	1,177	\$42,000 - \$33,001	45
\$399 - \$300	254	\$33,000 - \$24,001	182
\$299 - \$200	294	\$24,000 - \$15,001	642
\$199 - \$100	443	\$15,000 - \$6,001	1,681
\$99 - \$5	515	\$6,000 - \$0	133
	2,683		2,683

Homestead Credit for Special Assessments

A qualifying applicant for the Homestead Tax Credit may also qualify for a credit on any special assessment that becomes due for the same year for which a person received the homeowner's property tax credit. This credit is granted only at the election of the qualifying person. The total amount of credits allowed for any one property cannot exceed \$6,000 excluding any interest charged by the governing body levying the special assessment. This credit for special assessment, plus simple interest of nine percent per year, creates a lien against the homestead in favor of the state.



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER

Ryan Rauschenberger, Commissioner

DISABLED VETERAN TAX BENEFIT PRESENTATION

INTERIM TAXATION COMMITTEE
SENATOR COOK, CHAIRMAN
July 30, 2014

Disabled Veteran Credit Overview

A disabled veteran may qualify for a property tax credit on the veteran's homestead. The credit equals the disabled veteran's percentage of disability applied to the first \$6,750 of taxable value (\$150,000 true and full value).

Requirements:

- Applies to fixtures, buildings, and improvements of the homestead.
- The homestead must be owned and occupied by the disabled veteran or unremarried surviving spouse.
- The applicant must be a disabled veteran of the United States armed forces with an armed forces service-connected disability of 50 percent or greater.
- The veteran must have been honorably discharged or retired from U.S. armed forces.
- The disabled veteran's income and assets do not affect eligibility for the credit.
- Land is not eligible for the credit.
- A mobile home qualifies for the credit if the mobile home is the disabled veteran's homestead.

Calculation of the credit:

- The veteran's disability percentage is multiplied by the taxable value, up to \$6,750.
- A disabled veteran who has an extra-schedular rating to include unemployability that brings the total disability rating to 100 percent receives 100 percent credit.
- An unremarried surviving spouse receiving dependency and indemnity compensation receives 100 percent credit.
- The applicant's tax statement shows the reduced taxable value.
- The state reimburses counties for the real estate tax based on disabled veterans' credits allowed.

Disabled Veteran Credit Statistics

Counties report disabled veterans' credits to the Office of the State Tax Commissioner by March 1 each year. The report may contain the abatements filed against prior years' taxes. The amounts below do not include the payment to the State Medical Center.

Assessment Year	Taxable Value of Credit	Payment Amount	Qualifying Applicants	Percent Increase of Qualifying Applicants
2013	9,867,863	\$2,754,963.75	2,661	8.17%
2012	7,764,337	\$2,587,744.78	2,460	12%
2011	6,747,538	\$2,299,510.77	2,192	19%
2010	5,699,829	\$1,961,238.32	1,849	22%
2009	4,682,592	\$1,627,763.06	1,513	

Disability Percentage	Qualifying Applicants	Percent of Applicants	Credit Value Ranges	Qualifying Applicants	Percentage of Applicants
100%	1141	42.88%	6,750	305	11.46%
90%	99	3.72%	6,749 – 6,075	102	3.83%
80%	229	8.61%	6,074 – 5,400	198	7.44%
70%	322	12.10%	5,399 – 4,725	248	9.32%
60%	486	18.26%	4,724 – 4,050	329	12.36%
50%	384	14.43%	4,049 – 3,375	353	13.27%
	2661		3,374 - 0	1126	42.32%
				2661	

Appropriations

2013 - 2015 Biennium \$7,678,000.

2011 - 2013 Biennium \$4,243,920.

Payment Date	Reference	Payment Amount	Appropriation Balance
		\$ 4,243,920.00	
05/25/12	Payment to Counties	\$2,299,510.77	\$1,944,409.23
05/25/12	State Medical Center Payment	\$6,747.54	\$1,937,661.69
07/16/12	Payment to Traill County	\$16,475.89	\$1,921,185.80
07/16/12	State Medical Center Pymt	\$40.49	\$1,921,145.31
***	HB 1023 Emerg. Approp.		\$2,903,000.31
05/30/13	Payment to Counties	\$2,587,744.78	\$315,255.53
05/30/13	Pymt. To St. Medical Center	\$7,764.34	\$307,491.19
		\$ 7,678,000.00	
05/28/14	Payment to Counties	\$2,754,963.75	\$4,923,036.25
05/30/14	State Medical Center Payment	\$9,867.86	\$4,913,168.39

Paraplegic Disabled Veteran Exemption Overview

A paraplegic disabled veteran may qualify for a property tax exemption on the veteran's homestead. The exemption is applied to the first \$5,400 taxable value (\$120,000 true and full value).

Requirements:

- Applies to fixtures, buildings, and improvements of the homestead.
- The paraplegic disability does not have to be service connected.
- The homestead must be owned and occupied by the disabled veteran or unremarried surviving spouse.
- The disabled veteran's income and assets do not affect eligibility for the exemption.
- The state does not reimburse counties for this exemption.

Paraplegic Disabled Veteran Exemption Statistics

Logan County has one paraplegic disabled veteran exemption. Applicant does not receive the disabled veterans' credit.

Williams County has one paraplegic disabled veteran exemption. Applicant does not receive the disabled veterans' credit.



Disabled Person Requirements:

1. You must be a permanently and totally disabled person.
2. Proof of total disability must be established with a certificate from a licensed physician, or a written determination of disability from the social security administration or any federal or state agency that has authority to certify an individual's disability.
3. You may be either a homeowner or renter.
4. There is no age requirement for the permanently and totally disabled applicant.
5. A disabled homeowner must meet the same requirements, except for age, as a senior citizen homeowner (see the section on "Homeowner Requirements").
6. A disabled renter must meet the same requirements, except for age, as a senior citizen renter (see the section on "Renter Requirements").

Eligibility Requirements:

You may be eligible for North Dakota's Homestead Credit Program if you are:

- 65 years of age or older
or
- Permanently and totally disabled

Qualified homeowners receive a credit to reduce property taxes on their home and qualified renters receive a partial refund of their rent.



Application Process for Homestead Credit or Rent Refund:

1. Contact your local assessor or county director of tax equalization for further information and the proper application form. You may also call the Office of State Tax Commissioner for more information or an application:
 - 328.3127 (Bismarck-Mandan area)
 - 1.877.328.7088, option 6 (Toll-free)
 - 1.800.366.6888 Hearing/Speech Impaired (TTY Relay North Dakota)
2. Homeowners must file an application for a property tax credit with their local assessor or county director of tax equalization.
3. Renters must file an application for a refund with the Office of State Tax Commissioner before June 1 following the year for which the refund is claimed. Applications must be sent to: Office of State Tax Commissioner, 600 E. Boulevard Ave., Dept. 127, Bismarck, ND 58505-0599.

Cory Fong, Tax Commissioner
Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599

Homestead Tax Credit

for Senior Citizens or Disabled Persons





Homeowner Requirements:

1. You must be 65 years of age or older (unless you are permanently and totally disabled) in the year for which your application is made.
2. For a husband and wife who are living together, only one may apply for the credit. Only the spouse applying for the credit need be 65 years of age or older.
3. You must reside on and have an interest in the property for which the credit is claimed.
4. Your income, plus the income of your spouse and any dependents, may not exceed \$42,000 for the calendar year preceding the assessment date. You must consider income from all sources, which includes but is not limited to social security benefits, pensions, salaries, Experience Works, TANF, alimony, unemployment benefits, dividends, interest, net gains from the sale of property, net rental income and net profit from any business, including ranching and farming.
5. Payments NOT considered income under this act include: gifts, inheritances, life insurance proceeds, social security lump sum death payments, workforce safety and insurance payments, insurance policy proceeds for illness, injury, or casualty losses to property, child support, federal fuel assistance, renter's refund payments, food stamps, veteran's disability payments, payments for foster care of a qualifying child or adult or for difficult care, Foster Grandparents Program, Retired Senior Volunteer Program (RSVP), Senior Companion Program and Vista Program.
6. Medical expenses actually paid during the year are deductible from income if not compensated for by insurance or otherwise.



7. Your assets may not exceed \$500,000, including the market value of your homestead and the value of any assets gifted or otherwise divested within the last three years.
8. The homestead credit will reduce the homeowner's taxable value according to the following schedule:

If your income is	Taxable value is reduced by	Maximum reduction
\$ 0 - 22,000	100%	\$4,500
22,001 - 26,000	80%	3,600
26,001 - 30,000	60%	2,700
30,001 - 34,000	40%	1,800
34,001 - 38,000	20%	900
38,001 - 42,000	10%	450

9. The property tax credit is subject to adjustment, equalization and abatement in the same manner as other real property assessments.
10. If you believe you are eligible, file an application with your local assessor or county director of tax equalization by February 1 (or as soon thereafter as possible) in the year in which your property is assessed and for which the credit is requested.
11. In the event of the applicant's death, all benefits terminate at the end of the taxable year.
12. No person shall qualify to receive the property tax credit if the homestead is rented while the owner is temporarily absent or the homestead is a farm structure which is exempt from taxation.

Renter Requirements:

1. You must be 65 years of age or older (unless you are permanently and totally disabled) in the year for which the refund is claimed.
2. For a husband and wife who are living together, only one may apply for the refund. Only the spouse



applying for the refund need be 65 years old or older.

3. Renters must meet the same income requirements as homeowners. There is no asset limitation for renters.
4. No refund may be made to a person who pays rent or fees for any living quarters, including nursing homes, that are exempt from property taxation and for which payment in lieu of property taxes is not made.
5. Heat, water, lights, telephone or furniture costs may not be considered as part of your rent costs. If your landlord pays for these items, you must deduct the cost of these items from your rent when you apply for a refund. If you pay for your utilities and furniture yourself, you may not add the costs of these items to your rent when you apply for the refund.
6. In order for you to receive a refund for part of the rent you pay, your annual rent payments must use up a certain percentage of your income. Here is how the formula works:
 When 20% of your annual rent exceeds 4% of your income, you receive a refund for the overpayment of rent. Example: A renter pays \$450 per month in rent (\$5,400 per year), and the renter's income is \$18,000.00.

$$20\% \text{ of } \$5,400 \text{ is } \$1,080$$

$$4\% \text{ of } \$18,000 \text{ is } \$720$$
 Because \$1,080 is \$360 greater than \$720, the renter is entitled to a refund of \$360.
7. A refund may not exceed \$400.
8. If you believe you are eligible, file an application with the Office of State Tax Commissioner before June 1 following the year for which the refund is claimed. Extensions of time may be allowed for good cause.