

Sixty-third
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1273

Introduced by

Representatives Kasper, Beadle, Becker, Bellew, Dosch, Meier, Ruby, Streyle, Thoreson
Senators Berry, Miller, Schaible

1 A BILL for an Act to create and enact section 57-02-08.9 of the North Dakota Century Code,
2 relating to property tax relief through a residential, agricultural, and commercial property tax
3 reduction; to amend and reenact section 57-20-07.1 of the North Dakota Century Code, relating
4 to contents of property tax statements; to repeal chapter 57-64 of the North Dakota Century
5 Code, relating to providing property tax relief through allocation of state funding to school
6 districts for mill levy reduction grants; and to provide an effective date.

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

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

10 **57-02-08.9. Residential, agricultural, and commercial property tax credit -**

11 **Certification - Distribution.**

- 12 1. An individual is entitled to receive a reduction of five thousand four hundred dollars or
13 eighty percent, whichever is less, of the taxable valuation of the individual's primary
14 residence as provided in this section. A reduction under this section applies regardless
15 of whether the individual is the head of a family. If an individual is entitled to a
16 reduction in taxable valuation under this section and section 57-02-08.1 or 57-02-08.8,
17 any reduction under sections 57-02-08.1 and 57-02-08.8 must be applied first and
18 then the reduction under this section must be applied. The reduction under this
19 section, alone or in combination with any other reduction allowed by law, may not
20 exceed the taxable valuation of the primary residence.
- 21 2. An estate or trust, or a corporation or passthrough entity that owns residential property
22 used as part of a farming or ranching operation is entitled to a reduction as provided in
23 subsection 1 if that residential property is not exempt from property taxes as a farm
24 residence and is occupied as a primary residence, as of the assessment date of the

1 taxable year, by an individual who is a beneficiary of the estate or trust or who holds
2 an ownership interest in the corporation or passthrough entity. Either the occupant or
3 the entity that owns the residence may be the applicant for purposes of this subsection
4 and the definition of primary residence under subsection 15. An estate, trust,
5 corporation, or passthrough entity may not claim a reduction for more than one
6 residence under this subsection.

7 3. The reduction under subsection 1 or 2 continues to apply if the individual does not
8 reside in the primary residence because the individual's absence is due to
9 confinement in a nursing home, hospital, or other care facility, for as long as that
10 confinement lasts and the portion of the primary residence previously occupied by the
11 individual is not rented to another individual.

12 4. Individuals residing together, as spouses or when one or more is a dependent of
13 another, are entitled to only one reduction between or among them under subsection 1
14 or 2. Individuals residing together, who are not spouses or dependents, who are
15 coowners of the property are each entitled to a percentage of a full reduction under
16 subsection 1 or 2 equal to their ownership interests in the property.

17 5. The owner of a parcel of commercial property is entitled to receive a reduction of
18 twenty percent of the taxable valuation of the property if individuals having forty
19 percent or more of the ownership interest in that parcel of commercial property reside
20 in a primary residence in this state. If a parcel of commercial property is owned in
21 whole or in part by a corporation or passthrough entity, the reduction under this
22 subsection applies to that property only if individuals having forty percent or more of
23 the ownership interest in the corporation or passthrough entity reside in a primary
24 residence in this state.

25 6. The owner of agricultural property is entitled to receive a reduction of twenty percent of
26 agricultural property owned by the applicant if individuals having forty percent or more
27 of the ownership interest in that agricultural property reside in primary residences in
28 this state. If agricultural property is owned in whole or in part by a corporation or
29 passthrough entity, the reduction under this subsection applies to that property only if
30 individuals having forty percent or more of the ownership interest in the corporation or
31 passthrough entity reside in a primary residence in this state.

- 1 7. To initially claim a reduction under this section, an applicant must sign and file with the
2 assessor, by September first of 2013, for taxable year 2013, and by February first of
3 each taxable year after 2013 for which a reduction is initially claimed, a claim form
4 containing a verified statement of facts establishing the applicant's eligibility as of
5 February first of that year. A claim of the reduction under this section remains in effect
6 until the ownership of the property changes or the owner no longer qualifies for the
7 reduction.
- 8 8. The assessor shall attach the statement filed under subsection 7 to the assessment
9 sheet and shall show the reduction on the assessment sheet.
- 10 9. The tax commissioner shall prescribe, design, and make available all forms necessary
11 to effectuate this section. Claim forms must include the full name, address, and social
12 security or taxpayer identification number of the applicant, and any other information
13 prescribed by the tax commissioner. The tax commissioner shall include on claim
14 forms a statement to the effect that the applicant, by signing, declares the application
15 to be true, correct, and complete and subject to the penalties under section 12.1-11-02
16 for making a false statement in a government matter. The county director of tax
17 equalization shall make these forms available to applicants upon request.
- 18 10. A social security or taxpayer identification number contained in any form under this
19 section is confidential and may be disclosed only to county officers, the tax
20 commissioner, or a court and only for purposes of administering this section. A county
21 officer, the tax commissioner, or a court in possession of a form or other document
22 under this section shall delete or obscure any social security or taxpayer identification
23 number on any copy of the form or other document released to the public.
- 24 11. A reduction under this section is valid for the entire taxable year for which the
25 application was approved, without regard to any change of ownership of the property
26 which occurs after the assessment date. A reduction remains effective for succeeding
27 taxable years without the owner filing a claim for the exemption, but the assessor may
28 require the owner to file a renewed claim or verify eligibility for succeeding taxable
29 years.
- 30 12. If any applicant is found to have fraudulently claimed a reduction under this section to
31 which that applicant is not entitled, all reductions under this section for that applicant

1 for that taxable year and the ensuing two taxable years must be canceled. If an
2 applicant received a reduction that is canceled under this section, the auditor of the
3 county in which such property is located shall enter the amount of the canceled
4 reduction as omitted property on the assessment roll of property that has escaped
5 taxation.

6 13. Determinations concerning eligibility for a reduction under this section may be
7 appealed through the informal equalization process and formal abatement process.

8 14. This section does not reduce the liability of any individual for special assessments
9 levied upon any property.

10 15. For the purposes of this section:

11 a. "Dependent" has the same meaning it has for federal income tax purposes.

12 b. "Owned" means the applicant holds a present ownership interest, including
13 ownership in fee simple, holding a present life estate or other terminable present
14 ownership interest, or being a purchaser under a contract for deed, but does not
15 include a mere right of occupancy or a tenancy under a lease.

16 c. "Primary residence", for purposes of a taxable valuation reduction under this
17 section, means a dwelling in this state owned and occupied by the applicant as
18 that applicant's primary residence as of the assessment date of the taxable year
19 and, for purposes of an agricultural or commercial property taxable valuation
20 reduction under this section, includes a dwelling in this state rented and occupied
21 by the applicant as that applicant's primary residence as of the assessment date
22 of the taxable year.

23 16. Before April first of each year, the county auditor of each county shall certify to the tax
24 commissioner, on forms prescribed by the tax commissioner, the full name, address,
25 and social security or taxpayer identification number of each individual or entity for
26 whom the reduction under this section was allowed for the preceding year, the legal
27 description of the property, the taxable value of the property, the dollar amount of each
28 reduction in taxable value allowed, and the total of the tax mill rates for the preceding
29 year of all taxing districts in which the property was contained, exclusive of any state
30 mill rates, and any other information prescribed by the tax commissioner.

1 17. By June first of each year, the tax commissioner shall review the certifications under
2 subsection 16, make any required corrections, and certify to the state treasurer for
3 payment to each county the sum of the amounts computed by multiplying the
4 reduction allowed for each qualifying property in the county for the preceding year by
5 the total of the tax mill rates for the preceding year of all taxing districts, exclusive of
6 any state mill rates, that was applied to other real estate in the taxing districts for the
7 preceding taxable year. In reviewing certifications, the tax commissioner may refer to
8 any income tax return information or other information available to the tax
9 commissioner.

10 18. Upon receipt of the payment from the state treasurer, the county treasurer shall
11 apportion and distribute it without delay to the county and to the taxing districts of the
12 county on the same basis the general real estate tax for the preceding year is
13 apportioned and distributed.

14 19. The tax commissioner shall certify annually to the state treasurer for deposit in the
15 state medical center fund the amount computed by multiplying one mill times the
16 reduction allowed under this section for the preceding year for all eligible property in
17 the state.

18 20. Supplemental certifications by the county auditor and the tax commissioner and
19 supplemental payments by the state treasurer may be made after the dates prescribed
20 in this section to make any corrections necessary because of errors or approval of any
21 application for equalization or abatement filed by an individual or entity because all or
22 part of the reduction under this section was not allowed.

23 **SECTION 2. AMENDMENT.** Section 57-20-07.1 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **57-20-07.1. County treasurer to mail real estate tax statement.**

26 On or before December twenty-sixth of each year, the county treasurer shall mail a real
27 estate tax statement to the owner of each parcel of real property at the owner's last-known
28 address. The statement must be provided in a manner that allows the taxpayer to retain a
29 printed record of the obligation for payment of taxes and special assessments as provided in
30 the statement. If a parcel of real property is owned by more than one individual, the county
31 treasurer shall send only one statement to one of the owners of that property. Additional copies

1 of the tax statement will be sent to the other owners upon their request and the furnishing of
2 their names and addresses to the county treasurer. The tax statement must include:

3 1. Include a dollar valuation of the true and full value as defined by law of the property
4 and the total mill levy applicable. The tax statement must include

5 2. Include, or be accompanied by a separate sheet, with three columns showing, for the
6 taxable year to which the tax statement applies and the two immediately preceding
7 taxable years, the property tax levy in dollars against the parcel by the county and
8 school district and any city or township that levied taxes against the parcel.

9 3. Include, for the taxable year to which the statement applies and the two immediately
10 preceding taxable years, an item identified as "legislative property tax relief" showing
11 the dollar amount of the property taxes against the parcel paid through legislative
12 appropriation pursuant to chapter 57-64 or section 57-02-08.9.

13 Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the
14 discount privilege past the February fifteenth deadline.

15 **SECTION 3. REPEAL.** Chapter 57-64 of the North Dakota Century Code is repealed.

16 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
17 December 31, 2012.