

Sixty-third
Legislative Assembly
of North Dakota

REENGROSSED HOUSE BILL NO. 1198

Introduced by

Representatives Headland, Brandenburg, Pollert

Senator Wanzek

1 A BILL ~~for an Act to create and enact section 57-20-07.2 of the North Dakota Century Code,~~
 2 ~~relating to a state-paid property tax relief credit; to amend and reenact sections 57-20-07.1,~~
 3 ~~57-20-09, and 57-20-21.1 of the North Dakota Century Code, relating to property tax statement~~
 4 ~~information to identify legislative property tax relief for the subject property, priority for~~
 5 ~~delinquent taxes, and the discount for early payment of property taxes; to provide an~~
 6 ~~appropriation; and to provide an effective date.~~ for an Act to create and enact two new sections
 7 to chapter 57-38 and two new subdivisions to subsection 7 of section 57-38-30.3 of the North
 8 Dakota Century Code, relating to a homestead income tax credit and a commercial property
 9 income tax credit; and to provide an effective date.

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

11 ~~— **SECTION 1. AMENDMENT.** Section 57-20-07.1 of the North Dakota Century Code is~~
 12 ~~amended and reenacted as follows:~~
 13 ~~— **57-20-07.1. County treasurer to mail real estate tax statement – Contents of statement.**~~
 14 ~~— On or before December twenty-sixth of each year, the county treasurer shall mail a real~~
 15 ~~estate tax statement to the owner of each parcel of real property at the owner's last-known~~
 16 ~~address. The statement must be provided in a manner that allows the taxpayer to retain a~~
 17 ~~printed record of the obligation for payment of taxes and special assessments as provided in~~
 18 ~~the statement. If a parcel of real property is owned by more than one individual, the county~~
 19 ~~treasurer shall send only one statement to one of the owners of that property. Additional copies~~
 20 ~~of the tax statement will be sent to the other owners upon their request and the furnishing of~~
 21 ~~their names and addresses to the county treasurer. The tax statement must include:~~
 22 ~~— 1. Include a dollar valuation of the true and full value as defined by law of the property~~
 23 ~~and the total mill levy applicable. The tax statement must include~~

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

5 ~~3. Include, for the taxable year to which the tax statement applies and the two~~
6 ~~immediately preceding taxable years, a line item identified as "legislative property tax~~
7 ~~relief" showing the amount in dollars paid through legislative appropriation pursuant to~~
8 ~~section 57-20-07.2 and chapter 57-64 or 15.1-27 against the property taxes levied~~
9 ~~against the property.~~

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

12 ~~SECTION 2. Section 57-20-07.2 of the North Dakota Century Code is created and enacted~~
13 ~~as follows:~~

14 ~~**57-20-07.2. State-paid property tax relief credit.**~~

15 ~~1. The owner of taxable property is entitled to a credit against property taxes levied~~
16 ~~against the total amount of property or mobile home taxes in dollars levied against the~~
17 ~~taxable value of the property. The credit is equal to eight and one-half percent of~~
18 ~~property or mobile home taxes levied in dollars against that property.~~

19 ~~2. The owner, operator, or lessee of railroad property assessed by the state board of~~
20 ~~equalization under chapter 57-05 or public utility operative property assessed by the~~
21 ~~state board of equalization under chapter 57-06 is entitled to a credit against property~~
22 ~~taxes levied within each county against that property in the amount provided in~~
23 ~~subsection 1 against property taxes levied in dollars against that property in that~~
24 ~~county.~~

25 ~~3. The owner, operator, or lessee of operative property of an air carrier transportation~~
26 ~~company assessed and taxed under chapter 57-32 is entitled to a credit in the amount~~
27 ~~provided in subsection 1 against property taxes in dollars levied against that property.~~
28 ~~The tax commissioner shall determine the total amount of credits under this~~
29 ~~subsection and certify the amount to the state treasurer for transfer from the general~~
30 ~~fund to the air transportation fund. The credit for each air transportation company must~~
31 ~~be allocated to each city or municipal airport authority where that company makes~~

1 ~~regularly scheduled landings, in the same manner as the tax collected from that~~
2 ~~company is allocated.~~

3 ~~4. The tax commissioner shall determine the total amount of credits under this section for~~
4 ~~each county from the abstract of the tax list filed by the county auditor under section~~
5 ~~57-20-04, as audited and corrected by the tax commissioner. The tax commissioner~~
6 ~~shall certify to the state treasurer for payment, by June first following receipt of the~~
7 ~~abstract of the tax list, the amount determined for each county under this subsection.~~
8 ~~No penalty or interest applies to any state payment under this section, regardless of~~
9 ~~when the payment is made.~~

10 ~~5. Upon receipt of the payment from the state treasurer under subsection 4, the county~~
11 ~~treasurer shall apportion and distribute it to the county and the taxing districts in the~~
12 ~~county on the basis on which the general real estate tax for the preceding year is~~
13 ~~apportioned and distributed.~~

14 ~~6. After payments to counties under subsection 4 have been made, the tax commissioner~~
15 ~~shall certify to the state treasurer as necessary any supplemental amounts payable to~~
16 ~~counties or the air transportation fund or any amounts that must be returned by~~
17 ~~counties or returned from the air transportation fund for deposit in the state general~~
18 ~~fund to correct any errors in payments or reflect any abatement or compromise of~~
19 ~~taxes, court-ordered tax reduction or increase, or levy of taxes against omitted~~
20 ~~property. The county auditor shall provide any supplemental information requested by~~
21 ~~the tax commissioner after submission of the abstract of the tax list. The county~~
22 ~~treasurer shall apply to the tax commissioner for any supplemental payments to which~~
23 ~~the county treasurer believes the county is entitled.~~

24 ~~7. Notwithstanding any other provision of law, for any property other than mobile homes,~~
25 ~~the property tax credit under this section does not apply to any property subject to~~
26 ~~payments or taxes that are stated by law to be in lieu of personal or real property~~
27 ~~taxes.~~

28 ~~**SECTION 3. AMENDMENT.** Section 57-20-09 of the North Dakota Century Code is~~
29 ~~amended and reenacted as follows:~~

1 ~~— **57-20-09. Discount for early payment of tax.**~~

2 ~~— Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent~~
3 ~~discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of~~
4 ~~real property in any one year in full on or before February fifteenth prior to the date of~~
5 ~~delinquency. Such discount applies, after deduction of any credit allowed under section~~
6 ~~57-20-07.2, to the net remaining amount of all general real estate taxes levied for state, county,~~
7 ~~city, township, school district, fire district, park district, and any other taxing districts but does not~~
8 ~~apply to personal property taxes or special assessment installments. Whenever the board of~~
9 ~~county commissioners, by resolution, determines that an emergency exists in the county by~~
10 ~~virtue of weather or other catastrophe, it may extend the discount period for an additional thirty~~
11 ~~days.~~

12 ~~— **SECTION 4. AMENDMENT.** Section 57-20-21.1 of the North Dakota Century Code is~~
13 ~~amended and reenacted as follows:~~

14 ~~— **57-20-21.1. Priority for delinquent taxes.**~~

15 ~~— When payment is made for any real or personal property taxes or special assessments,~~
16 ~~payments must be applied first to the oldest unpaid delinquent taxes or special assessments~~
17 ~~due, if any, shown to exist upon the property for which the tax payments are made, including~~
18 ~~any penalty and interest, except payments of state paid property tax relief credit made by the~~
19 ~~state must be applied to taxes for the year for which the state paid property tax relief credit is~~
20 ~~granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply~~
21 ~~to payment of taxes made on property upon which tax payments are delinquent.~~

22 ~~— **SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general~~
23 ~~fund in the state treasury, not otherwise appropriated, the sum of \$147,600,000, or so much of~~
24 ~~the sum as may be necessary, to the state treasurer for the purpose of state paid property tax~~
25 ~~relief credits under section 57-20-07.2, for the biennium beginning July 1, 2013, and ending~~
26 ~~June 30, 2015.~~

27 ~~— **SECTION 6. EFFECTIVE DATE.** This Act becomes effective July 1, 2013.~~

28 **SECTION 1.** A new section to chapter 57-38 of the North Dakota Century Code is created
29 and enacted as follows:

Homestead income tax credit.

1. An individual who has a homestead in this state is entitled to a credit against the tax imposed under section 57-38-30.3 for taxable years 2013 and 2014 in the amount of ten percent of property taxes or mobile home taxes that became due during the income tax taxable year and are paid which were levied against the individual's homestead, residential, or agricultural property in this state.
2. For purposes of this section:
 - a. "Homestead" means the dwelling occupied by the individual as the individual's primary residence in this state.
 - b. "Property taxes or mobile home taxes" includes taxes assessed by a local political subdivision but does not include special assessments.
3. The amount of the credit under this section may not exceed one thousand dollars for married persons filing a joint return or for a single individual, or five hundred dollars for married individuals filing separate returns. The amount of the credit under this section may not exceed the taxpayer's tax liability under this chapter.
4.
 - a. If the credit exceeds the taxpayer's tax liability, the tax commissioner shall issue to the taxpayer a certificate in the amount of the excess credit.
 - b. The taxpayer may redeem the certificate by delivering it to the county treasurer in any county in which the taxpayer paid property or mobile home taxes. If the taxpayer owns multiple parcels of property or mobile homes that are located in different counties, only one certificate will be issued.
 - c. At the time the certificate is redeemed, the county treasurer shall issue monetary payment to the taxpayer for the amount of the certificate.
 - d. The county treasurer shall forward redeemed certificates to the tax commissioner, who shall issue payment to the county in the amount of the certificates.
5. If a parcel of property is owned by more than one taxpayer, each taxpayer is entitled to a share of the credit allowed with respect to the property or mobile home taxes levied on the parcel based on the taxpayer's respective ownership interests.
6. If an individual does not meet the filing requirements under section 57-38-31, the individual is entitled to receive a certificate in an amount calculated in the same

1 manner as provided in subsections 1, 2, and 3. The individual shall file the certificate
2 request form with the tax commissioner by the due date prescribed by the tax
3 commissioner. The individual may redeem the certificate with the county treasurer as
4 provided in subsection 4.

5 7. A person, estate, or trust owning agricultural property in this state is entitled to a credit
6 under this section in the amount of ten percent of property taxes that became due
7 during the income tax taxable year and are paid. Agricultural property that is used as
8 the basis for the credit under subsections 1, 2, and 3 may not be used to calculate the
9 credit under this subsection. The property tax must be passed through to the partners,
10 shareholders, or members in proportion to their respective interest in the passthrough
11 entity. The credit amount under this subsection is determined at the taxpayer level.
12 The amount of the credit in excess of the taxpayer's tax liability may be carried forward
13 for up to five taxable years unless the individual with an ownership interest in the entity
14 has a homestead in the state as defined under subsection 2. If an individual has a
15 homestead in this state, the individual shall receive a property tax certificate provided
16 in subsection 4.

17 8. The tax commissioner may prescribe the forms, procedures, and guidelines necessary
18 for the administration of this section.

19 **SECTION 2.** A new section to chapter 57-38 of the North Dakota Century Code is created
20 and enacted as follows:

21 **Commercial property income tax credit.**

22 1. A taxpayer is entitled to a credit against the tax imposed under section 57-38-30 or
23 57-38-30.3 for taxable years 2013 and 2014 in the amount of ten percent of property
24 taxes or mobile home taxes that became due during the income tax taxable year and
25 are paid which were levied against commercial property in this state. For purposes of
26 this section, "property taxes" does not include any special assessments.

27 a. The amount of the credit under this section may not exceed one thousand dollars
28 for any taxpayer.

29 b. The amount of the credit under this section may not exceed the taxpayer's tax
30 liability under this chapter.

1 c. In the case of married individuals filing separately, the credit may not exceed five
2 hundred dollars.

3 2. The amount of the credit under subsection 1 in excess of the taxpayer's tax liability
4 may be carried forward for up to five taxable years.

5 3. If a parcel of property is owned by more than one taxpayer, each taxpayer is entitled to
6 a share of the credit allowed with respect to the property or mobile home taxes levied
7 on the parcel based on the taxpayer's respective ownership interests.

8 4. A person, estate, trust, or any passthrough entity owning commercial property in this
9 state is entitled to a credit under this section in the amount of ten percent of property
10 taxes that became due during the income tax taxable year and are paid. Commercial
11 property that is used as the basis for the credit under subsections 1, 2, and 3 may not
12 be used to calculate the credit under this subsection. The total amount of property tax
13 paid by a passthrough entity must be allocated to the partners, shareholders, or
14 members in proportion to their respective interest in the passthrough entity. The credit
15 amount under this subsection must be calculated on the partners', shareholders', or
16 members' allocated share, subject to the limitations in subsection 1.

17 5. The tax commissioner may prescribe the forms, procedures, and guidelines necessary
18 for the administration of this section.

19 **SECTION 3.** Two new subdivisions to subsection 7 of section 57-38-30.3 of the North
20 Dakota Century Code are created and enacted as follows:

21 A taxpayer filing a return under this section is entitled to the credit provided under
22 section 1 of this Act.

23 A taxpayer filing a return under this section is entitled to the credit provided under
24 section 2 of this Act.

25 **SECTION 4. EFFECTIVE DATE.** This Act is effective for the first two taxable years
26 beginning after December 31, 2012.