

**FIRST ENGROSSMENT  
with House Amendments  
ENGROSSED SENATE BILL NO. 2171**

Introduced by

Senators Klein, Sorvaag, Dotzenrod

Representatives Dockter, Headland, Schmidt

1 A BILL for an Act to amend and reenact subsections 1 and 5 of section 57-02-08.1 of the North  
2 Dakota Century Code, relating to the homestead property tax credit; and to provide an effective  
3 date.

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

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

- 7 1. a. Any person sixty-five years of age or older or permanently and totally disabled, in  
8 the year in which the tax was levied, with an income that does not exceed the  
9 limitations of subdivision c is entitled to receive a reduction in the assessment on  
10 the taxable valuation on the person's homestead. An exemption under this  
11 subsection applies regardless of whether the person is the head of a 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 income is not in excess of ~~eighteen~~twenty-two thousand  
18 dollars, a reduction of one hundred percent of the taxable valuation of the  
19 person's homestead up to a maximum reduction of four thousand five  
20 hundred dollars of taxable valuation.
- 21 (2) If the person's income is in excess of ~~eighteen~~twenty-two thousand dollars  
22 and not in excess of ~~twenty~~twenty-six thousand dollars, a reduction of eighty  
23 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 income is in excess of ~~twenty-two~~twenty-six thousand dollars and  
4 not in excess of ~~twenty-two~~thirty thousand dollars, a reduction of sixty  
5 percent of the taxable valuation of the person's homestead up to a  
6 maximum reduction of two thousand seven hundred dollars of taxable  
7 valuation.

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

13 (5) If the person's income is in excess of ~~twenty-four~~thirty-four thousand dollars  
14 and not in excess of ~~twenty-six~~thirty-eight thousand dollars, a reduction of  
15 twenty percent of the taxable valuation of the person's homestead up to a  
16 maximum reduction 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~~two hundred thousand dollars, including the  
30 value of any assets divested within the last three years. ~~For purposes of this-~~

1                   subdivision, the unencumbered valuation of the homestead is limited to one-  
2                   hundred thousand dollars.

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

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

7           5.   For the purposes of this section:

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

9           b.   "Homestead" has the same meaning as provided in section 47-18-01.

10          c.   "Income" means income for the most recent complete taxable year from all  
11          sources, including the income of any dependent of the applicant, and including  
12          any county, state, or federal public assistance benefits, ~~social security, or other~~  
13          retirement benefits, and eighty percent of social security benefits, but excluding  
14          any federal rent subsidy, any amount excluded from income by federal or state  
15          law, and medical expenses paid during the year by the applicant or the  
16          applicant's dependent which is not compensated by insurance or other means.

17          d.   "Medical expenses" has the same meaning as it has for state income tax  
18          purposes, except that for transportation for medical care the person may use the  
19          standard mileage rate allowed for state officer and employee use of a motor  
20          vehicle under section 54-06-09.

21          e.   "Permanently and totally disabled" means the inability to engage in any  
22          substantial gainful activity by reason of any medically determinable physical or  
23          mental impairment which can be expected to result in death or has lasted or can  
24          be expected to last for a continuous period of not less than twelve months as  
25          established by a certificate from a licensed physician or a written determination of  
26          disability from the social security administration.

27                **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
28   December 31, 2012, for ad valorem property taxes and for taxable years beginning after  
29   December 31, 2013, for mobile home taxes.