

Introduced by

Senators Dotzenrod, Axness, Sinner

Representatives Kelsh, Mooney, Schneider

1 A BILL for an Act to create and enact section 57-02-08.9, a new section to chapter 57-38, and a
2 new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code,
3 relating to provision of property tax relief through a residential property tax reduction and to
4 provide a renter's income tax credit; and to provide an effective date.

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

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

8 **57-02-08.9. Residential property tax credit - Certification - Distribution.**

- 9 1. An individual is entitled to receive a reduction of fifty thousand dollars or fifty percent,
10 whichever is less, of the true and full valuation of the individual's primary residence as
11 provided in this section. A reduction under this section applies regardless of whether
12 the individual is the head of a family. If an individual is entitled to a reduction in true
13 and full valuation under this section and section 57-02-08.1 or 57-02-08.8, any
14 reduction under this section must be applied first and then any reduction under
15 sections 57-02-08.1 and 57-02-08.8 must be applied. The reduction under this section,
16 alone or in combination with any other reduction allowed by law, may not exceed the
17 true and full valuation of the primary residence.
- 18 2. An estate or trust or a corporation or passthrough entity that owns residential property
19 used as part of a farming or ranching operation is entitled to a reduction as provided in
20 subsection 1 if that residential property is occupied as a primary residence, as of the
21 assessment date of the taxable year, by an individual who is a beneficiary of the estate
22 or trust or who holds an ownership interest in the corporation or passthrough entity.
23 Either the occupant or the entity that owns the residence may be the applicant for

- 1 purposes of this subsection. An estate, trust, corporation, or passthrough entity may
2 not claim a reduction for more than one property under this section.
- 3 3. The reduction under this section continues to apply if the individual does not reside in
4 the primary residence if the individual's absence is due to confinement in a nursing
5 home, hospital, or other care facility, for as long as that confinement lasts and the
6 portion of the primary residence previously occupied by the individual is not rented to
7 another individual.
- 8 4. Individuals residing together, as spouses or when one or more is a dependent of
9 another, are entitled to only one reduction between or among them under this section.
10 Individuals residing together, who are not spouses or dependents, who are coowners
11 of the property are each entitled to a percentage of a full reduction under this section
12 equal to their ownership interests in the property.
- 13 5. To claim the reduction under this section, an applicant must sign and file with the
14 assessor, by March first of the year for which the initial claim for a reduction under this
15 section is claimed, a claim form containing a verified statement of facts establishing
16 the applicant's eligibility as of February first of that year. The reduction for that property
17 continues to apply for subsequent years but the county director of tax equalization
18 may require the signing and filing of an updated claim form for a subsequent year to
19 verify continued eligibility.
- 20 6. The assessor shall attach the statement filed under subsection 5 to the assessment
21 sheet and shall show the reduction on the assessment sheet.
- 22 7. All forms necessary to effectuate this section must be prescribed, designed, and made
23 available by the tax commissioner. Claim forms must include the full name, address,
24 and social security or taxpayer identification number of the applicant, and any other
25 information prescribed by the tax commissioner. The tax commissioner shall include
26 on claim forms a statement to the effect that the applicant, by signing, declares the
27 application to be true, correct, and complete and subject to the penalties under section
28 12.1-11-02 for making a false statement in a governmental matter. The county director
29 of tax equalization shall make these forms available to applicants upon request.
- 30 8. A social security or taxpayer identification number contained in any form under this
31 section is confidential and may be disclosed only to county officers, the tax

1 commissioner, or a court and only for purposes of administering this section. A county
2 officer, the tax commissioner, or a court in possession of a form or other document
3 under this section shall delete or obscure any social security or taxpayer identification
4 number on any copy of the form or other document released to the public.

5 9. A reduction under this section is effective for the entire taxable year for which the
6 application was approved, without regard to any change of ownership of the residence
7 which occurs after the assessment date.

8 10. If any applicant is found to have claimed a reduction under this section for more than
9 one primary residence for the same taxable year, all reductions under this section for
10 that applicant for that taxable year and the ensuing two taxable years must be
11 canceled. If an applicant received a reduction that is canceled under this section, the
12 auditor of the county in which such property is located shall enter the amount of the
13 canceled reduction as omitted property on the assessment roll of property that has
14 escaped taxation.

15 11. Determinations concerning eligibility for a reduction under this section may be
16 appealed through the informal equalization process and formal abatement process.

17 12. This section does not reduce the liability of any individual for special assessments
18 levied upon any property.

19 13. For the purposes of this section:

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

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

25 c. "Primary residence":

26 (1) For purposes of a residential property taxable valuation reduction under this
27 section, means a dwelling, including a mobile home, in this state owned and
28 occupied by the applicant as that applicant's primary residence as of the
29 assessment date of the taxable year and which is not exempt from property
30 taxes as a farm residence.

1 (2) For an applicant whose primary residence as of the assessment date of the
2 taxable year is exempt from property taxes as a farm residence under
3 section 57-02-08, includes up to six hundred forty acres [258.99 hectares] of
4 contiguous agricultural property owned by the applicant but the reduction
5 under this paragraph is limited to forty-five thousand or fifty percent,
6 whichever is less, of the true and full valuation of the agricultural property.

7 14. Before April first of each year, the county auditor of each county shall certify to the tax
8 commissioner, on forms prescribed by the tax commissioner, the full name, address,
9 and social security or taxpayer identification number of each individual or entity for
10 whom the reduction under this section was allowed for the preceding year, the legal
11 description of the property, the true and full value of the property, the dollar amount of
12 each reduction in true and full value allowed, and the total of the tax mill rates for the
13 preceding year of all taxing districts in which the property was contained, exclusive of
14 any state mill rates, and any other information prescribed by the tax commissioner.

15 15. By June first of each year, the tax commissioner shall review the certifications under
16 subsection 14, make any required corrections, and certify to the state treasurer for
17 payment to each county the sum of the amounts computed by multiplying the
18 reduction, converted to taxable valuation, allowed for each qualifying primary
19 residence in the county for the preceding year by the total of the tax mill rates for the
20 preceding year of all taxing districts in which the property was contained. In reviewing
21 certifications, the tax commissioner may refer to any income tax return information or
22 other information available to the tax commissioner.

23 16. Upon receipt of the payment from the state treasurer, the county treasurer shall
24 apportion and distribute it without delay to the county and to the taxing districts of the
25 county on the same basis the general real estate tax for the preceding year is
26 apportioned and distributed.

27 17. The tax commissioner shall certify annually to the state treasurer for deposit in the
28 state medical center fund the amount computed by multiplying one mill times the
29 reduction allowed under this section for the preceding year for all primary residences
30 in the state.

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

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

8 **Renter's income tax credit - Property tax relief.**

- 9 1. An individual who rents living quarters in this state which are that individual's primary
10 residence is eligible for a refundable credit against state income tax liability under
11 section 57-38-30.3 for a portion of the individual's annual rent for that residence
12 deemed by this section to constitute the payment of property taxes or mobile home
13 taxes.
- 14 2. For purposes of this section, fifteen percent of the annual rent, exclusive of any federal
15 rent subsidy and of charges for any utilities, services, furniture, furnishings, or
16 personal property appliances furnished by the landlord as part of the rental agreement,
17 whether or not expressly set out in the rental agreement, is deemed to be payment
18 made for property taxes or mobile home taxes and the applicant is entitled to a credit
19 for that amount, but not in excess of nine hundred dollars.
- 20 3. Individuals who reside together in a rental unit, as spouses or when one or more is a
21 dependent of another, are entitled to only one credit between or among them under
22 this section. Individuals who reside together in a rental unit, who are not spouses or
23 dependents, are each entitled to apply for a portion of a full credit based on the portion
24 of the rent paid by the applicant.
- 25 4. This section does not apply to rents or fees paid by, or on behalf of, an individual for
26 any living quarters, including a nursing home licensed pursuant to section 23-16-01, if
27 those living quarters are exempt from property taxation and mobile home taxes and
28 the owner is not making a payment in lieu of property taxes.
- 29 5. If any applicant is found to have fraudulently claimed and received a credit under this
30 section, in addition to any other penalty provided by law, any credit to which that
31 applicant would be entitled for that taxable year and the ensuing two taxable years

1 under this section must be canceled. The tax commissioner shall seek return of any
2 credit allowed under this section to which an applicant is not entitled.

3 6. For purposes of a renter's credit under this section, "primary residence" means a
4 dwelling, including a mobile home, in this state rented and occupied by the applicant
5 as that applicant's primary residence. For purposes of a renter's credit, an individual
6 may have more than one primary residence during a taxable year but not more than
7 one at a time.

8 **SECTION 3.** A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota
9 Century Code is created and enacted as follows:

10 Renter's income tax credit under section 2 of this Act.

11 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
12 December 31, 2014.