

CIRCUIT BREAKER PROPERTY TAX PROVISIONS IN NORTH DAKOTA AND SURROUNDING STATES

This memorandum was requested to compare the homestead tax credit allowed under North Dakota Century Code Section 57-02-08.1 with similar provisions in surrounding states. Property tax relief is available for certain taxpayers in each state, but caution must be exercised in such comparisons because of differences in assessment of property and the varying methods used to provide relief in each state. The following comparison is extracted from a draft report of the American Association of Retired Persons, to be used in a comparison that will be released soon:

	Eligibility	Maximum Income	Benefit
North Dakota	Age 65-plus or disabled	\$14,000	\$2,000 reduction in taxable value
Minnesota	All ages	\$71,700	\$510 refund
Montana	Age 62-plus	\$45,000	\$1,000 credit
	All ages	\$15,946 (single) \$21,261 (married couples, filing jointly)	(a)
South Dakota	Age 65-plus or disabled	\$9,500 (single)	35% of taxes due (single); 55% of taxes due (multiple-member household)
		\$12,500 (multiple-member household)	

(a) The property tax rate is reduced by up to 80 percent for the first \$100,000 of value of property occupied at least seven months of the year as the primary dwelling of a person whose total income is not over these limitations, which are indexed for inflation.

In addition to the property tax credit described above, Minnesota law allows a person at least 65 years of age (or a married couple both of whom are at least age 65), whose total annual household income is \$60,000 or less, to claim a property tax and special assessments deferral on homestead property. The property must have been owned and occupied as the homestead of at least one of the qualifying homeowners for at least 15 years, there must be no state or federal tax liens on the property, there must be no mortgages or other liens on the property which secure future advances, and the total unpaid balance of debts secured by mortgages or other liens on the property may not exceed 75 percent of the market value of the property. For qualifying homeowners, the state of Minnesota pays the property taxes on the property and obtains a lien that is payable when the homeowners no longer reside on the property.