

HOUSE BILL NO. 1299

Introduced by

Representatives Kasper, Beadle, Rick C. Becker, Dosch, Ruby, Schatz, Thoreson

Senators Klein, Larsen, O'Connell, Sorvaag, Wanzek

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

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

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

7 **57-02-08.1. Homestead credit.**

- 8 1. a. Any person sixty-five years of age or older or permanently and totally disabled, in
9 the year in which the tax was levied, with an income that does not exceed the
10 limitations of subdivision c is entitled to receive a reduction in the assessment on
11 the taxable valuation on the person's homestead. An exemption under this
12 subsection applies regardless of whether the person is the head of a family.
- 13 b. The exemption under this subsection continues to apply if the person does not
14 reside in the homestead and the person's absence is due to confinement in a
15 nursing home, hospital, or other care facility, for as long as the portion of the
16 homestead previously occupied by the person is not rented to another person.
- 17 c. The exemption must be determined according to the following schedule:
- 18 (1) If the person's income is not in excess of ~~twenty-two~~twenty thousand dollars, a
19 reduction of one hundred percent of the taxable valuation of the person's
20 homestead up to a maximum reduction of four thousand five hundred
21 dollars of taxable valuation.
- 22 (2) If the person's income is in excess of ~~twenty-two~~twenty thousand dollars and
23 not in excess of ~~twenty-six~~twenty thousand dollars, a reduction of eighty
24 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-six~~fifty thousand dollars and
4 not in excess of ~~thirty~~sixty thousand dollars, a reduction of sixty percent of
5 the taxable valuation of the person's homestead up to a maximum reduction
6 of two thousand seven hundred dollars of taxable valuation.

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

11 (5) If the person's income is in excess of ~~thirty-four~~seventy thousand dollars
12 and not in excess of ~~thirty-eight~~eighty thousand dollars, a reduction of
13 twenty percent of the taxable valuation of the person's homestead up to a
14 maximum reduction of nine hundred dollars of taxable valuation.

15 (6) If the person's income is in excess of ~~thirty-eight~~eighty thousand dollars and
16 not in excess of ~~forty-two~~one hundred thousand dollars, a reduction of ten
17 percent of the taxable valuation of the person's homestead up to a
18 maximum reduction of four hundred fifty dollars of taxable valuation.

19 d. Persons residing together, as spouses or when one or more is a dependent of
20 another, are entitled to only one exemption between or among them under this
21 subsection. Persons residing together, who are not spouses or dependents, who
22 are coowners of the property are each entitled to a percentage of a full exemption
23 under this subsection equal to their ownership interests in the property.

24 e. This subsection does not reduce the liability of any person for special
25 assessments levied upon any property.

26 f. Any person claiming the exemption under this subsection shall sign a verified
27 statement of facts establishing the person's eligibility.

28 g. A person is ineligible for the exemption under this subsection if the value of the
29 assets of the person and any dependent residing with the person exceeds five
30 hundred thousand dollars, including the value of any assets divested within the
31 last three years.

- 1 h. The assessor shall attach the statement filed under subdivision f to the
2 assessment sheet and shall show the reduction on the assessment sheet.
- 3 i. An exemption under this subsection terminates at the end of the taxable year of
4 the death of the applicant.
- 5 2. a. Any person who would qualify for an exemption under subdivisions a and c of
6 subsection 1 except for the fact that the person rents living quarters is eligible for
7 refund of a portion of the person's annual rent deemed by this subsection to
8 constitute the payment of property tax.
- 9 b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of
10 any federal rent subsidy and of charges for any utilities, services, furniture,
11 furnishings, or personal property appliances furnished by the landlord as part of
12 the rental agreement, whether expressly set out in the rental agreement, must be
13 considered as payment made for property tax. When any part of the twenty
14 percent of the annual rent exceeds four percent of the annual income of a
15 qualified applicant, the applicant is entitled to receive a refund from the state
16 general fund for that amount in excess of four percent of the person's annual
17 income, but the refund may not be in excess of four hundred dollars. If the
18 calculation for the refund is less than five dollars, a minimum of five dollars must
19 be sent to the qualifying applicant.
- 20 c. Persons who reside together, as spouses or when one or more is a dependent of
21 another, are entitled to only one refund between or among them under this
22 subsection. Persons who reside together in a rental unit, who are not spouses or
23 dependents, are each entitled to apply for a refund based on the rent paid by that
24 person.
- 25 d. Each application for refund under this subsection must be made to the tax
26 commissioner before the first day of June of each year by the person claiming the
27 refund. The tax commissioner may grant an extension of time to file an
28 application for good cause. The tax commissioner shall issue refunds to
29 applicants.
- 30 e. This subsection does not apply to rents or fees paid by a person for any living
31 quarters, including a nursing home licensed pursuant to section 23-16-01, if

1 those living quarters are exempt from property taxation and the owner is not
2 making a payment in lieu of property taxes.

3 f. A person may not receive a refund under this section for a taxable year in which
4 that person received an exemption under subsection 1.

5 3. All forms necessary to effectuate this section must be prescribed, designed, and made
6 available by the tax commissioner. The county directors of tax equalization shall make
7 these forms available upon request.

8 4. A person whose homestead is a farm structure exempt from taxation under
9 subsection 15 of section 57-02-08 may not receive any property tax credit under this
10 section.

11 5. For the purposes of this section:

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

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

14 c. "Income" means income for the most recent complete taxable year from all
15 sources, including the income of any dependent of the applicant, and including
16 any county, state, or federal public assistance benefits; but excluding social
17 security; ~~or other retirement~~ retirement, disability, or survivors benefits; ~~but~~
18 ~~excluding; other pension or retirement benefits;~~ any federal rent subsidy; any
19 amount excluded from income by federal or state law; and medical expenses
20 paid during the year by the applicant or the applicant's dependent which is not
21 compensated by insurance or other means and which is not excluded from
22 income by federal or state law.

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

27 e. "Permanently and totally disabled" means the inability to engage in any
28 substantial gainful activity by reason of any medically determinable physical or
29 mental impairment which can be expected to result in death or has lasted or can
30 be expected to last for a continuous period of not less than twelve months as
31 established by a certificate from a licensed physician or a written determination of

1 disability from the social security administration or any federal or state agency
2 that has authority to certify an individual's disability.

3 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
4 December 31, 2014.