

HOUSE BILL NO. 1325

Introduced by

Representative Maragos

1 A BILL for an Act to amend and reenact section 57-02-08.1 of the North Dakota Century Code,
2 relating to the expansion of the homestead credit exemption for individuals age sixty-five or
3 older; and to provide an 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~~individual sixty-five years of age or older or permanently and totally
9 disabled, in the year in which the tax was levied, with an income that does not
10 exceed the limitations of subdivision c is entitled to receive a reduction in the
11 assessment on the taxable valuation on the ~~person's~~individual's homestead. An
12 exemption under this subsection applies regardless of whether the
13 ~~person~~individual is the head of a family.

14 b. The exemption under this subsection continues to apply if the ~~person~~individual
15 does not reside in the homestead and the ~~person's~~individual's absence is due to
16 confinement in a nursing home, hospital, or other care facility, for as long as the
17 portion of the homestead previously occupied by the ~~person~~individual is not
18 rented to another ~~person~~individual.

19 c. The exemption under this subsection must be determined according to the
20 following schedule:

21 (1) If the ~~person's~~individual's income is not in excess of twenty-two thousand
22 dollars, a reduction of one hundred percent of the taxable valuation of the
23 ~~person's~~individual's homestead up to a maximum reduction of four thousand
24 five hundred dollars of taxable valuation.

- 1 (2) If the ~~person's~~individual's income is in excess of twenty-two thousand
2 dollars and not in excess of twenty-six thousand dollars, a reduction of
3 eighty percent of the taxable valuation of the ~~person's~~individual's homestead
4 up to a maximum reduction of three thousand six hundred dollars of taxable
5 valuation.
- 6 (3) If the ~~person's~~individual's income is in excess of twenty-six thousand dollars
7 and not in excess of thirty thousand dollars, a reduction of sixty percent of
8 the taxable valuation of the ~~person's~~individual's homestead up to a
9 maximum reduction of two thousand seven hundred dollars of taxable
10 valuation.
- 11 (4) If the ~~person's~~individual's income is in excess of thirty thousand dollars and
12 not in excess of thirty-four thousand dollars, a reduction of forty percent of
13 the taxable valuation of the ~~person's~~individual's homestead up to a
14 maximum reduction of one thousand eight hundred dollars of taxable
15 valuation.
- 16 (5) If the ~~person's~~individual's income is in excess of thirty-four thousand dollars
17 and not in excess of thirty-eight thousand dollars, a reduction of twenty
18 percent of the taxable valuation of the ~~person's~~individual's homestead up to
19 a maximum reduction of nine hundred dollars of taxable valuation.
- 20 (6) If the ~~person's~~individual's income is in excess of thirty-eight thousand dollars
21 and not in excess of forty-two thousand dollars, a reduction of ten percent of
22 the taxable valuation of the ~~person's~~individual's homestead up to a
23 maximum reduction of four hundred fifty dollars of taxable valuation.
- 24 d. ~~Persens~~Individuals residing together, as spouses or when one or more is a
25 dependent of another, are entitled to only one exemption between or among
26 them under this subsection. ~~Persens~~Individuals residing together, who are not
27 spouses or dependents, who are coowners of the property are each entitled to a
28 percentage of a full exemption under this subsection equal to their ownership
29 interests in the property.
- 30 e. ~~This subsection~~Any exemption under this section does not reduce the liability of
31 any ~~person~~individual for special assessments levied upon any property.

- 1 f. Any ~~person~~individual claiming the exemption under this subsection shall sign a
2 verified statement of facts establishing the ~~person's~~individual's eligibility.
- 3 g. ~~A person~~An individual is ineligible for the exemption under this subsection if the
4 value of the assets of the ~~person~~individual and any dependent residing with the
5 ~~person~~individual exceeds five hundred thousand dollars, including the value of
6 any assets divested within the last three years.
- 7 h. The assessor shall attach the statement filed under subdivision f to the
8 assessment sheet and shall show the reduction on the assessment sheet.
- 9 i. An exemption under this subsection terminates at the end of the taxable year of
10 the death of the applicant.
- 11 2. a. Any ~~person~~individual who would qualify for an exemption under subdivisions a
12 and c of subsection 1 except for the fact that the ~~person~~individual rents living
13 quarters is eligible for refund of a portion of the ~~person's~~individual's annual rent
14 deemed by this subsection to constitute the payment of property tax.
- 15 b. For the purpose of this subsection, twenty percent of the annual rent, exclusive of
16 any federal rent subsidy and of charges for any utilities, services, furniture,
17 furnishings, or personal property appliances furnished by the landlord as part of
18 the rental agreement, whether expressly set out in the rental agreement, must be
19 considered as payment made for property tax. When any part of the twenty
20 percent of the annual rent exceeds four percent of the annual income of a
21 qualified applicant, the applicant is entitled to receive a refund from the state
22 general fund for that amount in excess of four percent of the ~~person's~~individual's
23 annual income, but the refund may not be in excess of four hundred dollars. If the
24 calculation for the refund is less than five dollars, a minimum of five dollars must
25 be sent to the qualifying applicant.
- 26 c. ~~Persons~~Individuals who reside together, as spouses or when one or more is a
27 dependent of another, are entitled to only one refund between or among them
28 under this subsection. ~~Persons~~Individuals who reside together in a rental unit,
29 who are not spouses or dependents, are each entitled to apply for a refund based
30 on the rent paid by that ~~person~~individual.

- 1 d. Each application for refund under this subsection must be made to the tax
2 commissioner before the first day of June of each year by the ~~person~~individual
3 claiming the refund. The tax commissioner may grant an extension of time to file
4 an application for good cause. The tax commissioner shall issue refunds to
5 applicants.
- 6 e. This subsection does not apply to rents or fees paid by a ~~person~~an individual for
7 any living quarters, including a nursing home licensed pursuant to section
8 23-16-01, if those living quarters are exempt from property taxation and the
9 owner is not making a payment in lieu of property taxes.
- 10 f. ~~A person~~An individual may not receive a refund under this section for a taxable
11 year in which that ~~person~~individual received an exemption under subsection 1
12 or 3.

- 13 3. The exemption provided under this subsection applies without regard to eligibility for
14 the exemption provided under subsection 1, unless the individual is eligible for a
15 greater exemption under subsection 1 and in that case the exemption under this
16 subsection does not apply to that individual.

17 Any individual sixty-five years of age or older in the year in which the tax was
18 levied is entitled to receive a reduction in the total property taxes levied against up to
19 three hundred fifty thousand dollars of the true and full value of that individual's
20 homestead in that taxable year regardless of whether the individual is the head of a
21 family.

22 The exemption under this subsection continues to apply if the individual does not
23 reside in the homestead and the individual's absence is due to confinement in a
24 nursing home, hospital, or other care facility, for as long as the portion of the
25 homestead previously occupied by the individual is not rented to another individual.

26 Individuals residing together, as spouses, or when one or more is a dependent of
27 another, are entitled to only one exemption between or among them under this
28 subsection. Individuals residing together, who are not spouses or dependents, who are
29 coowners of the property are each entitled to a percentage of a full exemption under
30 this subsection equal to their ownership interests in the property.

1 Any individual claiming the exemption under this subsection shall sign a verified
2 statement of facts establishing the individual's eligibility. The assessor shall attach the
3 statement filed under this subdivision to the assessment sheet and shall show the
4 reduction on the assessment sheet. An exemption under this subsection terminates at
5 the end of the taxable year of the death of the applicant.

6 The exemption under this subsection, listed by the age of the individual in the
7 year in which the tax was levied and by the percentage of the exemption against the
8 total property taxes levied against that individual's homestead in that taxable year, is:

- 9 a. Sixty-five, five percent reduction.
10 b. Sixty-six, ten percent reduction.
11 c. Sixty-seven, fifteen percent reduction.
12 d. Sixty-eight, twenty percent reduction.
13 e. Sixty-nine, twenty-five percent reduction
14 f. Seventy, thirty percent reduction.
15 g. Seventy-one, forty percent reduction.
16 h. Seventy-two, fifty percent reduction.
17 i. Seventy-three, sixty percent reduction.
18 j. Seventy-four, seventy percent reduction.
19 k. Seventy-five or older, one hundred percent reduction.

20 4. All forms necessary to effectuate this section must be prescribed, designed, and made
21 available by the tax commissioner. The county directors of tax equalization shall make
22 these forms available upon request.

23 4.5. ~~A person~~An individual whose homestead is a farm structure exempt from taxation
24 under subsection 15 of section 57-02-08 may not receive any property tax credit under
25 this section.

26 5.6. For the purposes of this section:

- 27 a. "Dependent" has the same meaning it has for federal income tax purposes.
28 b. "Homestead" has the same meaning as provided in section 47-18-01.
29 c. "Income" means income for the most recent complete taxable year from all
30 sources, including the income of any dependent of the applicant, and including
31 any county, state, or federal public assistance benefits, social security, or other

1 retirement benefits, but excluding any federal rent subsidy, any amount excluded
2 from income by federal or state law, and medical expenses paid during the year
3 by the applicant or the applicant's dependent which is not compensated by
4 insurance or other means.

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

9 e. "Permanently and totally disabled" means the inability to engage in any
10 substantial gainful activity by reason of any medically determinable physical or
11 mental impairment which can be expected to result in death or has lasted or can
12 be expected to last for a continuous period of not less than twelve months as
13 established by a certificate from a licensed physician or a written determination of
14 disability from the social security administration or any federal or state agency
15 that has authority to certify an individual's disability.

16 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
17 December 31, 2015.