

**SECOND ENGROSSMENT  
with House Amendments  
REENGROSSED SENATE BILL NO. 2066**

Introduced by

Senators Schaible, Rust, Weber

Representatives Nathe, Porter, D. Ruby

1 A BILL for an Act to create and enact two new sections to chapter 57-02 and a new subsection  
2 to section 57-38-30.3 of the North Dakota Century Code, relating to a property tax credit for  
3 property used as a primary residence and calculation of individual income tax based on general  
4 fund revenues; to amend and reenact subsection 1 of section 57-38-30.3 of the North Dakota  
5 Century Code, relating to the imposition of a flat income tax rate for individuals, estates, and  
6 trusts; to provide an effective date; and to provide an expiration date.

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

8 **SECTION 1.** A new section to chapter 57-02 of the North Dakota Century Code is created  
9 and enacted as follows:

**10 Primary residence credit - Qualification - Application.**

- 11 1. An individual is entitled to a credit of five hundred dollars against the property tax due  
12 on the individual's primary residence. The credit may not exceed the amount of  
13 property tax due. The credit must be applied to reduce the property tax owed on the  
14 individual's primary residence after other exemptions or credits under this chapter  
15 have been applied.
- 16 2. For purposes of this section, "primary residence" means a dwelling in this state owned  
17 and occupied by an individual as that individual's primary place of residence and  
18 includes residences taxed under chapter 57-55. An individual may not have more than  
19 one primary residence.
- 20 3. An individual who does not reside in the primary residence in this state is eligible for  
21 the credit under this section if the individual's absence is due to confinement in a  
22 nursing home, hospital, or other care facility, for as long as the portion of the primary  
23 residence previously occupied by the individual is not rented to another individual.

- 1       4. Only one credit under this section may be applied against the property taxes levied  
2           against any primary residence.
- 3       5. An individual whose primary residence is a farm structure exempt from taxation under  
4           subsection 15 of section 57-02-08 is not eligible for a credit under this section.
- 5       6. The credit may not reduce the liability for special assessments levied upon any  
6           property.
- 7       7. To claim a credit under this section, a claimant must sign and file with the county  
8           auditor, by April first, an application containing a verified statement of facts  
9           establishing the claimant's eligibility as of the date of the claim on a form and in the  
10          manner prescribed by the tax commissioner.
- 11      8. The tax commissioner shall prescribe, design, and make available all forms necessary  
12          to effectuate this section. The county auditors shall make these forms available upon  
13          request.

14       **SECTION 2.** A new section to chapter 57-02 of the North Dakota Century Code is created  
15 and enacted as follows:

16       **Primary residence credit - Certification - Distribution.**

- 17      1. By January first of each year, the county auditor shall certify to the tax commissioner  
18          the sum of the credits allowed under section 1 of this Act in the county for the  
19          preceding year and provide any other information required by the tax commissioner.
- 20      2. By June first of each year, the tax commissioner shall review a sample of the  
21          applications from each county and certify to the state treasurer for payment to each  
22          county the aggregate dollar amount of credits allowed under section 1 of this Act in  
23          each county for the preceding year.
- 24      3. By June fifteenth of each year, the state treasurer shall distribute moneys to counties  
25          in the amounts certified by the tax commissioner under subsection 2.
- 26      4. Within fourteen days of receiving the payment from the state treasurer under  
27          subsection 3, but no later than June thirtieth, the county treasurer shall apportion and  
28          distribute the payment to the county and to the taxing districts of the county on the  
29          same basis as property taxes for the preceding year were apportioned and distributed.
- 30      5. Supplemental certifications by the county auditor and the tax commissioner and  
31          supplemental payments by the state treasurer may be made after the dates prescribed

1 in this section to make corrections necessary because of errors or approval of any  
 2 application for abatement filed by an individual because the credit under section 1 of  
 3 this Act was not allowed.

4 6. The tax commissioner shall prescribe, design, and make available all forms necessary  
 5 to effectuate this section.

6 **SECTION 3. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota  
 7 Century Code is amended and reenacted as follows:

8 1. A tax is hereby imposed for each taxable year upon income earned or received in that  
 9 taxable year by every resident and nonresident individual, estate, and trust. A taxpayer  
 10 computing the tax under this section is only eligible for those adjustments or credits  
 11 that are specifically provided for in this section. Provided, that for purposes of this  
 12 section, any person required to file a state income tax return under this chapter, but  
 13 who has not computed a federal taxable income figure, shall compute a federal  
 14 taxable income figure using a pro forma return in order to determine a federal taxable  
 15 income figure to be used as a starting point in computing state income tax under this  
 16 section. The tax for individuals is equal to North Dakota taxable income multiplied by  
 17 the rates in the applicable rate schedule in subdivisions a through d corresponding to  
 18 an individual's filing status used for federal income tax purposes. ~~For~~The tax for an  
 19 estate or trust, the schedule is equal to North Dakota taxable income multiplied by the  
 20 rate in subdivision e must be used for purposes of this subsection. The tax to be  
 21 computed for:

22 a. Single, other than head of household or ~~surviving spouse~~qualifying widow or  
 23 widower is one and ninety-nine hundredths percent of North Dakota taxable  
 24 income exceeding forty-four thousand seven hundred twenty-five dollars.

25 ~~If North Dakota taxable income is:~~

26	Over	Not over	The tax is equal to	Of amount over
27	\$0	\$37,450	1.10%	\$0
28	\$37,450	\$90,750	\$411.95 + 2.04%	\$37,450
29	\$90,750	\$189,300	\$1,499.27 + 2.27%	\$90,750
30	\$189,300	\$411,500	\$3,736.36 + 2.64%	\$189,300
31	\$411,500		\$9,602.44 + 2.90%	\$411,500

b. Married filing jointly and surviving spouse qualifying widow or widower is one and ninety-nine hundredths percent of North Dakota taxable income exceeding seventy-four thousand seven hundred fifty dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$62,600	1.10%	\$0
\$62,600	\$151,200	\$688.60 + 2.04%	\$62,600
\$151,200	\$230,450	\$2,496.04 + 2.27%	\$151,200
\$230,450	\$411,500	\$4,295.02 + 2.64%	\$230,450
\$411,500		\$9,074.74 + 2.90%	\$411,500

c. Married filing separately is one and ninety-nine hundredths percent of North Dakota taxable income exceeding thirty-seven thousand three hundred seventy-five dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$31,300	1.10%	\$0
\$31,300	\$75,600	\$344.30 + 2.04%	\$31,300
\$75,600	\$115,225	\$1,248.02 + 2.27%	\$75,600
\$115,225	\$205,750	\$2,147.51 + 2.64%	\$115,225
\$205,750		\$4,537.37 + 2.90%	\$205,750

d. Head of household is one and ninety-nine hundredths percent of North Dakota taxable income exceeding fifty-nine thousand nine hundred fifty dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$50,200	1.10%	\$0
\$50,200	\$129,600	\$552.20 + 2.04%	\$50,200
\$129,600	\$209,850	\$2,171.96 + 2.27%	\$129,600
\$209,850	\$411,500	\$3,993.64 + 2.64%	\$209,850
\$411,500		\$9,317.20 + 2.90%	\$411,500

e. Estates and trusts is one and ninety-nine hundredths percent of North Dakota taxable income exceeding three thousand dollars.

Sixty-eighth  
Legislative Assembly

1	If North Dakota taxable income is:				
2	Over	Not over	The tax is equal to	Of amount over	
3	\$0	\$2,500	1.10%	\$0	
4	\$2,500	\$5,900	\$27.50 + 2.04%	\$2,500	
5	\$5,900	\$9,050	\$96.86 + 2.27%	\$5,900	
6	\$9,050	\$12,300	\$168.37 + 2.64%	\$9,050	
7	\$12,300		\$254.17 + 2.90%	\$12,300	

- 8 f. For an individual who is not a resident of this state for the entire year, or for a  
 9 nonresident estate or trust, the tax is equal to the tax otherwise computed under  
 10 this subsection multiplied by a fraction in which:
- 11 (1) The numerator is the federal adjusted gross income allocable and  
 12 apportionable to this state; and
- 13 (2) The denominator is the federal adjusted gross income from all sources  
 14 reduced by the net income from the amounts specified in subdivisions a and  
 15 b of subsection 2.

16 In the case of married individuals filing a joint return, if one spouse is a resident  
 17 of this state for the entire year and the other spouse is a nonresident for part or  
 18 all of the tax year, the tax on the joint return must be computed under this  
 19 subdivision.

- 20 g. The tax commissioner shall prescribe new ~~rate schedules~~rates that apply in lieu  
 21 of the ~~schedules~~rates set forth in subdivisions a through e. The new  
 22 ~~schedules~~rates must be determined by increasing the ~~minimum and~~  
 23 ~~maximum~~North Dakota taxable income threshold dollar amounts for ~~each income~~  
 24 ~~bracket for which a tax is imposed~~ by the cost-of-living adjustment for the taxable  
 25 year as determined by the secretary of the United States treasury for purposes of  
 26 section 1(f) of the United States Internal Revenue Code of 1954, as amended.  
 27 For this purpose, the rate applicable to ~~each income bracket~~ may not be  
 28 changed, and the manner of applying the cost-of-living adjustment must be the  
 29 same as that used for adjusting the income brackets for federal income tax  
 30 purposes.

- 1           h. The tax commissioner shall prescribe an optional simplified method of computing  
2           tax under this section that may be used by an individual taxpayer who is not  
3           entitled to claim an adjustment under subsection 2 or credit against income tax  
4           liability under subsection 7.

5           **SECTION 4.** A new subsection to section 57-38-30.3 of the North Dakota Century Code is  
6           created and enacted as follows:

7           If the actual general fund revenues exceed the estimated general fund revenues for  
8           the twelve-month period ending June thirtieth of an even-numbered year by at least  
9           ten percent as determined by the director of the office of management and budget, the  
10          rates under subsection 1 must be reduced by one-half percent for the subsequent tax  
11          year beginning after December thirty-first of an even-numbered year. The tax  
12          commissioner shall publish the reduced rates and notify taxpayers of the reduced  
13          rates by November first of an even-numbered year. The tax commissioner may  
14          determine the form and manner of publishing the reduced rates and notifying  
15          taxpayers, including any notification that taxpayers are not required to file returns or  
16          pay taxes. For purposes of this subsection:

- 17          a. "Estimated general fund revenues" means the estimated general fund revenues,  
18          excluding the July first of an odd-numbered year general fund balance, as  
19          reflected in the cashflow forecast developed by the director of the office of  
20          management and budget based on the total estimated general fund revenues for  
21          the biennium approved by the most recently adjourned special or regular session  
22          of the legislative assembly.
- 23          b. Any reductions to the rates under subsection 1 apply to tax years beginning after  
24          December 31, 2022.
- 25          c. The rate reductions must be equally applied to all tax brackets.
- 26          d. The reduced rates must be rounded to the nearest one-hundredth of a percent.
- 27          e. This subsection does not limit or suspend any provision in chapter 57-38 which is  
28          not in conflict with this section, including provisions for assessment and refund  
29          under sections 57-38-34.4, 57-38-38, and 57-38-40.

30          **SECTION 5. EFFECTIVE DATE - EXPIRATION DATE.** Section 1 of this Act is effective for  
31          the first taxable year beginning after December 31, 2023, and after that date is ineffective.

1       **SECTION 6. EFFECTIVE DATE.** Section 3 of this Act is effective for taxable years  
2 beginning after December 31, 2022. Section 2 of this Act becomes effective on July 1, 2024.

3       **SECTION 7. EXPIRATION DATE.** Section 2 of this Act is effective through June 30, 2025,  
4 and after that date is ineffective.