

**SENATE BILL NO. 2309**

Introduced by

Senators Magrum, Larsen, Paulson

Representatives Bellew, S. Olson, Prichard

1 A BILL for an Act to create and enact two new sections to chapter 57-02 of the North Dakota  
2 Century Code, relating to the creation of a primary residence property tax relief fund, a property  
3 tax credit for property used as a primary residence, and limitations on the true and full valuation  
4 of property for tax purposes; to amend and reenact subsection 7 of section 15.1-27-04.1,  
5 subsection 4 of section 21-10-13, subdivision c of subsection 1 of section 57-20-07.1, and  
6 section 57-51.1-07.5 of the North Dakota Century Code, relating to determination of state  
7 school aid, information displayed on property tax statements, transfer of legacy fund earnings,  
8 and deposit of oil and gas tax revenues; and to provide an effective date.

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

10 **SECTION 1. AMENDMENT.** Subsection 7 of section 15.1-27-04.1 of the North Dakota  
11 Century Code, as effective through June 30, 2025, is amended and reenacted as follows:

- 12 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration  
13 with the school districts, shall report the following to the superintendent of public  
14 instruction on an annual basis:
- 15 a. The amount of revenue received by each school district in the county during the  
16 previous school year for each type of revenue identified in subdivisions c and d of  
17 subsection 1 and the amount of state reimbursement of the primary residence  
18 property tax credit;
  - 19 b. The total number of mills levied in the previous calendar year by each school  
20 district for all purposes; and
  - 21 c. The number of mills levied in the previous calendar year by each school district  
22 for sinking and interest fund purposes.

23 **SECTION 2. AMENDMENT.** Subsection 7 of section 15.1-27-04.1 of the North Dakota  
24 Century Code, as effective after June 30, 2025, is amended and reenacted as follows:

- 1           7. For purposes of the calculation in subsection 4, each county auditor, in collaboration  
2           with the school districts, shall report the following to the superintendent of public  
3           instruction on an annual basis:
- 4           a. The amount of revenue received by each school district in the county during the  
5           previous school year for each type of revenue identified in subdivisions c and d of  
6           subsection 1 and the amount of state reimbursement of the primary residence  
7           property tax credit;
- 8           b. The total number of mills levied in the previous calendar year by each school  
9           district for all purposes; and
- 10          c. The number of mills levied in the previous calendar year by each school district  
11          for sinking and interest fund purposes.

12           **SECTION 3. AMENDMENT.** Subsection 4 of section 21-10-13 of the North Dakota Century  
13 Code is amended and reenacted as follows:

- 14          4. On July first of each odd-numbered year, from the amount available for appropriation  
15          or transfer from the legacy earnings fund for the biennium, the state treasurer shall  
16          transfer funding in the following order:
- 17          a. The first one hundred fifty million dollars to the legacy sinking and interest fund  
18          under section 6-09.4-10.1.
- 19          b. The next sixty million dollars to the highway tax distribution fund for allocations  
20          under section 54-27-19.
- 21          c. Any remaining funds for other purposes as designated by the legislative  
22          assembly, including:
- 23               (1) Up to fifty million dollars for tax relief pursuant to appropriations or transfers  
24               authorized by the legislative assembly for the primary residence property tax  
25               relief credit under section 4 of this Act;
- 26               (2) Up to thirty million dollars to the clean sustainable energy fund pursuant to  
27               appropriations or transfers authorized by the legislative assembly; and
- 28               (3) Up to thirty million dollars for university research programs, the innovation  
29               loan fund to support technology advancement, and workforce enrichment  
30               initiatives pursuant to appropriations or transfers authorized by the  
31               legislative assembly.

1       **SECTION 4.** A new section to chapter 57-02 of the North Dakota Century Code is created  
2 and enacted as follows:

3       **Primary residence property tax relief fund - Primary residence property tax credit -**  
4 **Certification - State treasurer.**

5       1. There is created in the state treasury the primary residence property tax relief fund.

6       2. a. An individual is entitled to a credit applied as a reduction of up to the first five  
7 thousand six hundred twenty-five dollars of taxable valuation of the individual's  
8 primary residence as provided in this subsection. A credit under this subsection  
9 applies regardless of whether the individual is the head of a family.

10       b. An estate or trust, or a corporation or passthrough entity that owns residential  
11 property used as part of a farming or ranching operation is entitled to a credit as  
12 provided in subdivision a if that residential property is not exempt from property  
13 taxes as a farm residence and is occupied as a primary residence, as of the  
14 assessment date of the taxable year, by an individual who is a beneficiary of the  
15 estate or trust or who holds an ownership interest in the corporation or  
16 passthrough entity. Either the occupant or the entity that owns the residence may  
17 be the claimant for purposes of this subsection and the definition of primary  
18 residence under subsection 7. An estate, trust, corporation, or passthrough entity  
19 may not claim a credit for more than one property under this subsection.

20       c. The credit under subdivision a or b continues to apply if the individual claimant  
21 does not reside in the primary residence because the individual is confined in a  
22 nursing home, hospital, or other care facility, for as long as that confinement lasts  
23 and the portion of the primary residence previously occupied by the individual is  
24 not rented to another individual.

25       d. Individuals residing together who are co-owners of the property but who are not  
26 spouses or dependents each are entitled to a percentage of a full credit under  
27 subdivision a or b equal to their ownership interests in the property.

28       e. Subject to the limitation in subdivision a, the owner of a parcel of commercial  
29 property is entitled to a credit equal to the taxable valuation attributable to the  
30 portion of commercial property occupied by the owner as the owner's primary  
31 residence. If a parcel of commercial property is owned in whole or in part by a

- 1           corporation or passthrough entity, the credit under this subsection applies to that  
2           property only if each individual having an ownership interest in the corporation or  
3           passthrough entity resides in a primary residence eligible for the credit under  
4           subdivision a or b.
- 5           f. To claim a credit under this section, a claimant shall sign and file with the  
6           assessor, by May thirty-first of the year for which a credit is claimed, a claim form  
7           containing a verified statement of facts establishing the claimant's eligibility as of  
8           February first of that year.
- 9           g. The assessor shall attach the statement filed under subdivision f to the  
10          assessment sheet and list the amount of the reduction on the assessment sheet.
- 11          h. A credit under this subsection is valid for the entire taxable year for which the  
12          claim was approved, without regard to any change of ownership of the property  
13          which occurs after the assessment date. A credit remains effective for succeeding  
14          taxable years without the owner filing a claim for the credit unless there is a  
15          change in ownership, but the assessor may require the owner to file a renewed  
16          claim or verify eligibility for succeeding taxable years.
- 17          i. A denial of a credit under this subsection may be appealed through the informal  
18          equalization process and formal abatement process.
- 19          j. This subsection does not reduce the liability of any individual for special  
20          assessments levied upon any property.
- 21          3. a. By October thirty-first of each year, the county auditor of each county shall certify  
22          to the tax commissioner, on forms prescribed by the tax commissioner,  
23          information applicable to credits claimed under subsection 2, including:  
24          (1) The full name of each individual for whom the credit is allowed;  
25          (2) The legal description of the property;  
26          (3) The taxable value of the property;  
27          (4) The dollar amount of each reduction in taxable value allowed;  
28          (5) The total of the tax mill rates for the current year of all taxing districts in  
29          which the property is situated, exclusive of any state mill rates; and  
30          (6) Any other information prescribed by the tax commissioner.
- 31          b. By November fifteenth of each year:

- 1           (1) The tax commissioner shall review the credits claimed under subsection 2,  
2           as certified under subdivision a, and make any required corrections or  
3           adjustments.
- 4           (2) The tax commissioner shall calculate the reduction in tax liability by  
5           multiplying the credits claimed under subsection 2, as certified under  
6           subdivision a, for each qualifying property in each county by the total mill  
7           rate applied by all taxing districts in which the property is situated, exclusive  
8           of any state mill rates.
- 9           (3) The tax commissioner shall calculate the amount available in the fund as  
10          follows:
- 11          (a) For an odd-numbered year, the amount available in the fund is equal  
12          to fifty percent of the balance in the fund less the amount needed for  
13          transfer to the state medical center fund.
- 14          (b) For an even-numbered year, the amount available in the fund is equal  
15          to the remaining balance of the fund less the amount needed for  
16          transfer to the state medical center fund.
- 17          (4) If the reduction in tax liability calculated under paragraph 2 exceeds the  
18          amount available in the fund as calculated under paragraph 3, the tax  
19          commissioner shall prorate the credits among the claimants and notify the  
20          county treasurer and county auditor of the pro rata reductions.
- 21          (5) The tax commissioner shall calculate the total payment to each county by  
22          multiplying the credits as prorated under paragraph 4 for each qualifying  
23          property in each county by the total mill rate applied by all taxing districts in  
24          which the property is situated, exclusive of any state mill rates, and shall  
25          certify the amounts to the state treasurer.
- 26          (6) The tax commissioner shall calculate the amount needed for transfer to the  
27          state medical center fund by multiplying the credits as prorated under  
28          paragraph 4 for each qualifying property in each county by one mill and  
29          shall certify the amount to the state treasurer.
- 30          c. By December first of each year, pursuant to legislative appropriation, the state  
31          treasurer shall distribute moneys in the fund to counties and transfer moneys to

- 1                   the state medical center fund as certified by the tax commissioner under  
2                   subdivision b.
- 3           d. Upon receipt of the payment from the state treasurer under subdivision c, the  
4                   county treasurer shall distribute payments to the county and to the taxing districts  
5                   of the county in proportion to the property taxes levied by each taxing district in  
6                   the county.
- 7           e. Supplemental certifications by the county auditor and the tax commissioner and  
8                   supplemental payments by the state treasurer may be made after the dates  
9                   prescribed in this section to make any corrections necessary because of errors or  
10                  approval of any application for equalization or abatement filed by an individual or  
11                  entity because all or part of the credit under this section was not allowed.
- 12          4. The tax commissioner shall prescribe, design, and make available all forms necessary  
13                  to effectuate this section. Claim forms must include the full name and address of the  
14                  claimant and any other information prescribed by the tax commissioner. The county  
15                  director of tax equalization shall make these forms available to claimants upon  
16                  request.
- 17          5. If any claimant is found to have claimed a credit fraudulently under this section to  
18                  which that claimant is not entitled, all credits under this section for that claimant for  
19                  that taxable year must be canceled. If a claimant received a credit that is canceled  
20                  under this section, the auditor of the county in which the property is located shall enter  
21                  the amount of the canceled credit as omitted property on the assessment roll of  
22                  property that has escaped taxation.
- 23          6. An individual who claims a credit under this section may not claim a credit under the  
24                  homestead credit provided in section 57-02-08.1 or the property tax credit for disabled  
25                  veterans provided in section 57-02-08.8.
- 26          7. For the purposes of this section:
- 27                  a. "Dependent" has the same meaning it has for federal income tax purposes.  
28                  b. "Fund" means the primary residence property tax relief fund.  
29                  c. "Owned" means the claimant holds a present ownership interest, including  
30                  ownership in fee simple, holds a present life estate or other terminable present

1                    ownership interest, or is a purchaser under a contract for deed. The term does  
2                    not include a mere right of occupancy or a tenancy under a lease.

3                    d. "Primary residence" means a dwelling in this state owned and occupied by the  
4                    claimant as that claimant's primary residence as of the assessment date of the  
5                    taxable year and which is not exempt from property taxes as a farm residence.

6                    **SECTION 5.** A new section to chapter 57-02 of the North Dakota Century Code is created  
7 and enacted as follows:

8                    **Limitation on true and full valuation on a primary residence.**

9                    1. Notwithstanding any other provision of law, the true and full valuation on any parcel of  
10                    taxable property used as a primary residence as defined in section 4 of this Act may  
11                    not exceed by more than three percent the true and full valuation on that parcel of  
12                    taxable property in the preceding taxable year, except to the extent improvements to  
13                    the property have been made which were not included in the taxable valuation of the  
14                    property in the previous taxable year.

15                    2. True and full valuations exceeding the limitations under subsection 1 may be imposed  
16                    upon approval of a ballot measure, stating the proposed maximum allowable  
17                    percentage increase in true and full valuation, by a majority of the qualified electors of  
18                    the taxing district voting on the question at a regular or special election of the taxing  
19                    district. True and full valuations exceeding the limitations under subsection 1 may be  
20                    approved by electors for not more than one taxable year at a time.

21                    3. A city or county may not supersede or modify the application of the provisions of this  
22                    section under home rule authority.

23                    **SECTION 6. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the  
24 North Dakota Century Code is amended and reenacted as follows:

25                    c. Provide information identifying the property tax savings provided by the state of  
26                    North Dakota. The tax statement must include a line item that is entitled  
27                    "legislative tax relief" and identifies the dollar amount of property tax savings  
28                    realized by the taxpayer under chapter 50-34 for taxable years before 2019,  
29                    chapter 50-35 for taxable years after 2018, section 4 of this Act for taxable years  
30                    after 2022, and chapter 15.1-27.

- 1           (1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27  
2           is determined by multiplying the taxable value for the taxable year for each  
3           parcel shown on the tax statement by the number of mills of mill levy  
4           reduction grant under chapter 57-64 for the 2012 taxable year plus the  
5           number of mills determined by subtracting from the 2012 taxable year mill  
6           rate of the school district in which the parcel is located the lesser of:  
7           (a) Fifty mills; or  
8           (b) The 2012 taxable year mill rate of the school district minus sixty mills.  
9           (2) Legislative tax relief under chapter 50-35 is determined by multiplying the  
10          taxable value for the taxable year for each parcel shown on the tax  
11          statement by the number of mills of relief determined by dividing the amount  
12          calculated in subsection 1 of section 50-35-03 for a human service zone by  
13          the taxable value of taxable property in the zone for the taxable year.

14          **SECTION 7. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is  
15          amended and reenacted as follows:

16          **57-51.1-07.5. State share of oil and gas taxes - Deposits.**

17          From the revenues designated for deposit in the state general fund under chapters 57-51  
18          and 57-51.1, the state treasurer shall deposit the revenues received each biennium in the  
19          following order:

- 20          1. The first two hundred million dollars into the state general fund;  
21          2. The next two hundred million dollars into the tax relief fund;  
22          3. The next seventy-five million dollars into the budget stabilization fund, but not in an  
23          amount that would bring the balance in the fund to more than the limit in section  
24          54-27.2-01;  
25          4. The next two hundred million dollars into the state general fund;  
26          5. The next ten million dollars into the lignite research fund;  
27          6. The next twenty million dollars into the state disaster relief fund, but not in an amount  
28          that would bring the unobligated balance in the fund to more than twenty million  
29          dollars;  
30          7. The next four hundred million dollars into the strategic investment and improvements  
31          fund;



- 1           8.    The next fifty-nine million seven hundred fifty thousand dollars, or the amount  
2                    necessary to provide for twice the amount of the distributions under subsection 2 of  
3                    section 57-51.1-07.7, into the funds designated for infrastructure development in  
4                    non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty  
5                    percent deposited into the municipal infrastructure fund and fifty percent deposited into  
6                    the county and township infrastructure fund;
- 7           9.    The next one hundred seventy million two hundred fifty thousand dollars or the amount  
8                    necessary to provide a total of two hundred thirty million dollars into the funds  
9                    designated for infrastructure development in non-oil-producing counties under sections  
10                  57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal  
11                  infrastructure fund and fifty percent deposited into the county and township  
12                  infrastructure fund;
- 13          10.   The next twenty million dollars into the airport infrastructure fund; and
- 14          11.   Any additional revenues into the ~~strategic investment and improvements~~ primary  
15                  residence property tax relief fund provided under section 4 of this Act.

16           **SECTION 8. EFFECTIVE DATE.** Sections 4 and 5 of this Act are effective for taxable years  
17   beginning after December 31, 2022.