

**SECOND ENGROSSMENT
with House Amendments-Majority Report
REENGROSSED SENATE BILL NO. 2032**

Introduced by

Legislative Council

(Finance and Taxation Committee)

1 A BILL for an Act to create and enact section 57-01-20 of the North Dakota Century Code,
2 relating to allocation among school districts of legislative tax relief credit funds; to amend and
3 reenact sections 57-02-08.1, 57-12-09, 57-15-14, 57-15-31, 57-20-03, 57-20-04, 57-20-07.1,
4 57-20-09, and 57-20-21.1, subsection 1 of section 57-38-30.3, and section 57-55-04 of the
5 North Dakota Century Code, relating to homestead credit, notice of assessment increases,
6 school district levy limitations, form of the tax list, the abstract of the tax list, contents of
7 property tax statements, payment of real estate taxes, and mobile home taxes; to provide
8 appropriations; to provide for a legislative council study; and to provide an effective date.

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

10 **SECTION 1.** Section 57-01-20 of the North Dakota Century Code is created and
11 enacted as follows:

12 **57-01-20. Legislative tax relief credit allocation.** The tax commissioner shall
13 allocate funds provided by legislative appropriation for tax relief among taxing districts as
14 provided in this section.

- 15 1. The tax commissioner shall allocate to each county an amount equal to five and
16 nine-tenths percent of the amount in dollars levied by the county and all taxing
17 districts within the county against residential, commercial, agricultural, mobile
18 home, and railroad property in taxable year 2006. The amounts must be prorated
19 as necessary to allocate total legislative tax relief credits of forty million dollars
20 among counties for allocation among property taxpayers for the designated
21 classes of property for each year.
- 22 2. The tax commissioner shall certify to each county auditor by August first of each
23 year the amount of legislative tax relief credits determined under this section for
24 each county.

1 3. The county auditor shall allocate the credits among the county and taxing districts
2 within the county in the proportion that current taxable year property taxes in
3 dollars levied by the county and each taxing district in the county bears to all
4 current taxable year property taxes in dollars levied in the county against
5 residential, commercial, agricultural, mobile home, and railroad property. The
6 county auditor shall certify the allocation of credits under this subsection to the
7 county treasurer for payment to the county and taxing districts within the county
8 upon receipt of payment from the state treasurer.

9 4. The tax commissioner shall certify to the state treasurer the amounts determined
10 under this section for payment to counties by March first following the taxable year
11 for which the credit applies.

12 5. Payments received by school districts under this section do not constitute
13 increases in state aid for purposes of determining baseline funding under Senate
14 Bill No. 2200, as approved by the sixtieth legislative assembly.

15 Payments received by school districts under this section do not constitute new
16 money for purposes of teacher compensation increases under Senate Bill No.
17 2200, as approved by the sixtieth legislative assembly.

18 **SECTION 2. AMENDMENT.** Section 57-02-08.1 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **57-02-08.1. Homestead credit.**

- 21 1. a. Any person sixty-five years of age or older or permanently and totally
22 disabled, in the year in which the tax was levied, with an income that does not
23 exceed the limitations of subdivision c is entitled to receive a reduction in the
24 assessment on the taxable valuation on the person's homestead. An
25 exemption under this subsection applies regardless of whether the person is
26 the head of a family.
- 27 b. The exemption under this subsection continues to apply if the person does
28 not reside in the homestead and the person's absence is due to confinement
29 in a nursing home, hospital, or other care facility, for as long as the portion of
30 the homestead previously occupied by the person is not rented to another
31 person.

- 1 c. The exemption must be determined according to the following schedule:
- 2 (1) If the person's income is not in excess of ~~eight~~ ten thousand ~~five~~
- 3 ~~hundred~~ dollars, a reduction of one hundred percent of the taxable
- 4 valuation of the person's homestead up to a maximum reduction of
- 5 three thousand ~~thirty-eight~~ three hundred seventy-five dollars of taxable
- 6 valuation.
- 7 (2) If the person's income is in excess of ~~eight~~ ten thousand ~~five hundred~~
- 8 dollars and not in excess of ~~ten~~ twelve thousand dollars, a reduction of
- 9 eighty percent of the taxable valuation of the person's homestead up to
- 10 a maximum reduction of two thousand ~~four~~ seven hundred ~~thirty~~
- 11 of taxable valuation.
- 12 (3) If the person's income is in excess of ~~ten~~ twelve thousand dollars and
- 13 not in excess of ~~eleven~~ fourteen thousand ~~five hundred~~ dollars, a
- 14 reduction of sixty percent of the taxable valuation of the person's
- 15 homestead up to a maximum reduction of ~~one~~ two thousand ~~eight~~
- 16 ~~hundred twenty-three~~ twenty-five dollars of taxable valuation.
- 17 (4) If the person's income is in excess of ~~eleven~~ fourteen thousand ~~five~~
- 18 ~~hundred~~ dollars and not in excess of ~~thirteen~~ sixteen thousand dollars,
- 19 a reduction of forty percent of the taxable valuation of the person's
- 20 homestead up to a maximum reduction of one thousand ~~two~~ three
- 21 hundred ~~fifteen~~ fifty dollars of taxable valuation.
- 22 (5) If the person's income is in excess of ~~thirteen~~ sixteen thousand dollars
- 23 and not in excess of ~~fourteen~~ seventeen thousand five hundred dollars,
- 24 a reduction of twenty percent of the taxable valuation of the person's
- 25 homestead up to a maximum reduction of six hundred ~~eight~~
- 26 seventy-five dollars of taxable valuation.
- 27 d. Persons residing together, as spouses or when one or more is a dependent of
- 28 another, are entitled to only one exemption between or among them under
- 29 this subsection. Persons residing together, who are not spouses or
- 30 dependents, who are coowners of the property are each entitled to a

- 1 percentage of a full exemption under this subsection equal to their ownership
2 interests in the property.
- 3 e. This subsection does not reduce the liability of any person for special
4 assessments levied upon any property.
- 5 f. Any person claiming the exemption under this subsection shall sign a verified
6 statement of facts establishing the person's eligibility.
- 7 g. A person is ineligible for the exemption under this subsection if the value of
8 the assets of the person and any dependent residing with the person,
9 excluding the unencumbered value of the person's residence that the person
10 claims as a homestead, exceeds fifty thousand dollars, including the value of
11 any assets divested within the last three years. For purposes of this
12 subdivision, the unencumbered valuation of the homestead is limited to one
13 hundred thousand dollars.
- 14 h. The assessor shall attach the statement filed under subdivision f to the
15 assessment sheet and shall show the reduction on the assessment sheet.
- 16 i. An exemption under this subsection terminates at the end of the taxable year
17 of the death of the applicant.
- 18 2. a. Any person who would qualify for an exemption under subdivisions a and c of
19 subsection 1 except for the fact that the person rents living quarters is eligible
20 for refund of a portion of the person's annual rent deemed by this subsection
21 to constitute the payment of property tax.
- 22 b. For the purpose of this subsection, twenty percent of the annual rent,
23 exclusive of any federal rent subsidy and of charges for any utilities, services,
24 furniture, furnishings, or personal property appliances furnished by the
25 landlord as part of the rental agreement, whether expressly set out in the
26 rental agreement, must be considered as payment made for property tax.
27 When any part of the twenty percent of the annual rent exceeds four percent
28 of the annual income of a qualified applicant, the applicant is entitled to
29 receive a refund from the state general fund for that amount in excess of four
30 percent of the person's annual income, but the refund may not be in excess of

- 1 two hundred forty dollars. If the calculation for the refund is less than five
2 dollars, a minimum of five dollars must be sent to the qualifying applicant.
- 3 c. Persons who reside together, as spouses or when one or more is a
4 dependent of another, are entitled to only one refund between or among them
5 under this subsection. Persons who reside together in a rental unit, who are
6 not spouses or dependents, are each entitled to apply for a refund based on
7 the rent paid by that person.
- 8 d. Each application for refund under this subsection must be made to the tax
9 commissioner before the first day of June of each year by the person claiming
10 the refund. The tax commissioner may grant an extension of time to file an
11 application for good cause. The tax commissioner shall issue refunds to
12 applicants.
- 13 e. This subsection does not apply to rents or fees paid by a person for any living
14 quarters, including a nursing home licensed pursuant to section 23-16-01, if
15 those living quarters are exempt from property taxation and the owner is not
16 making a payment in lieu of property taxes.
- 17 f. A person may not receive a refund under this section for a taxable year in
18 which that person received an exemption under subsection 1.
- 19 3. All forms necessary to effectuate this section must be prescribed, designed, and
20 made available by the tax commissioner. The county directors of tax equalization
21 shall make these forms available upon request.
- 22 4. A person whose homestead is a farm structure exempt from taxation under
23 subsection 15 of section 57-02-08 may not receive any property tax credit under
24 this section.
- 25 5. For the purposes of this section:
- 26 a. "Dependent" has the same meaning it has for federal income tax purposes.
- 27 b. "Homestead" has the same meaning as provided in section 47-18-01.
- 28 c. "Income" means income for the most recent complete taxable year from all
29 sources, including the income of any dependent of the applicant, and
30 including any county, state, or federal public assistance benefits, social
31 security, or other retirement benefits, but excluding any federal rent subsidy,

any amount excluded from income by federal or state law, and medical expenses paid during the year by the applicant or the applicant's dependent which is not compensated by insurance or other means.

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

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

SECTION 3. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. ~~Written notice~~ Notice of increased assessment to real estate owner.

When any assessor has increased the true and full valuation of any lot or tract of land ~~together with or~~ any improvements thereon ~~by fifteen percent or more to more than seven percent more than the amount~~ of the last assessment, ~~written~~ notice of the amount of increase over the last assessment and the amount of the last assessment must be delivered in writing by the assessor to the property owner ~~or, mailed in writing to the property owner at the property owner's last-known address except that no notice need be delivered or mailed if the true and full valuation is increased by less than three thousand dollars, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than thirty days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be~~

1 mailed or delivered ~~to the property owner at least ten days in advance of the meeting date of~~
2 ~~the local equalization board and must be mailed or delivered~~ at the expense of the assessment
3 district for which the assessor is employed.

4 **SECTION 4. AMENDMENT.** Section 57-15-14 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-15-14. ~~Tax~~ General fund levy limitations in school districts.** The aggregate
7 amount levied each year for the purposes listed in section 57-15-14.2 by any school district,
8 except the Fargo school district, may not exceed the amount in dollars which the school district
9 levied for the prior school year plus ~~eighteen~~ nine percent up to a general fund levy of one
10 hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

- 11 1. In any school district having a total population in excess of four thousand
12 according to the last federal decennial census:
 - 13 a. There may be levied any specific number of mills that upon resolution of the
14 school board has been submitted to and approved by a majority of the
15 qualified electors voting upon the question at any regular or special school
16 district election.
 - 17 b. There is no limitation upon the taxes which may be levied if upon resolution of
18 the school board of any such district the removal of the mill levy limitation has
19 been submitted to and approved by a majority of the qualified electors voting
20 at any regular or special election upon such question.
- 21 2. In any school district having a total population of less than four thousand, there
22 may be levied any specific number of mills that upon resolution of the school board
23 has been approved by fifty-five percent of the qualified electors voting upon the
24 question at any regular or special school election.
- 25 3. After June 30, 2007, in any school district election for approval by electors of
26 unlimited or increased levy authority under subsection 1 or 2, the ballot must
27 specify the number of mills, the percentage increase in dollars levied, or that
28 unlimited levy authority is proposed for approval, and the number of taxable years
29 for which that approval is to apply. After June 30, 2007, approval by electors of
30 unlimited or increased levy authority under subsection 1 or 2 may not be effective
31 for more than ten taxable years.

1 4. In any school district in which the total assessed valuation of property has
2 increased twenty percent or more over the prior year and in which as a result of
3 that increase the school district is entitled to less in state aid payments provided in
4 chapter 15.1-27 because of the deduction required in section 15.1-27-05, there
5 may be levied any specific number of mills more in dollars than was levied in the
6 prior year up to a general fund levy of one hundred eighty-five mills on the dollar of
7 the taxable valuation of the school district. The additional levy authorized by this
8 subsection may be levied for not more than two years because of any twenty
9 percent or greater annual increase in assessed valuation. The total amount of
10 revenue generated in excess of the ~~eighteen~~ nine percent increase which is
11 otherwise permitted by this section may not exceed the amount of state aid
12 payments lost as a result of applying the deduction provided in section 15.1-27-05
13 to the increased assessed valuation of the school district in a one-year period.

14 The question of authorizing or discontinuing such specific number of mills authority or unlimited
15 taxing authority in any school district must be submitted to the qualified electors at the next
16 regular election upon resolution of the school board or upon the filing with the school board of a
17 petition containing the signatures of qualified electors of the district equal in number to ~~twenty~~
18 ten percent of the number of ~~persons enumerated in the school census for that district for the~~
19 ~~most recent year such census was taken, unless such census is greater than four thousand in~~
20 ~~which case only fifteen percent of the number of persons enumerated in the school census is~~
21 ~~required~~ electors who cast votes in the most recent election in the school district. However, not
22 fewer than twenty-five signatures are required unless the district has fewer than twenty-five
23 qualified electors, in which case the petition must be signed by not less than twenty-five percent
24 of the qualified electors of the district. In those districts with fewer than twenty-five qualified
25 electors, the number of qualified electors in the district must be determined by the county
26 superintendent for such county in which such school is located. However, the approval of
27 discontinuing either such authority does not affect the tax levy in the calendar year in which the
28 election is held. The election must be held in the same manner and subject to the same
29 conditions as provided in this section for the first election upon the question of authorizing the
30 mill levy.

1 **SECTION 5. AMENDMENT.** Section 57-15-31 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **57-15-31. Determination of levy.** The amount to be levied by any county, city,
4 township, school district, park district, or other municipality authorized to levy taxes shall be
5 computed by deducting from the amount of estimated expenditures for the current fiscal year as
6 finally determined, plus the required reserve fund determined upon by the governing board from
7 the past experience of the taxing district, the total of the following items:

- 8 1. The available surplus consisting of the free and unencumbered cash balance.
- 9 2. Estimated revenues from sources other than direct property taxes.
- 10 3. The total estimated collections from tax levies for previous years.
- 11 4. Such expenditures as are to be made from bond sources.
- 12 5. The amount of distributions received from an economic growth increment pool
13 under section 57-15-61.
- 14 6. The estimated amount to be received from payments in lieu of taxes on a project
15 under section 40-57.1-03.
- 16 7. The amount allocated to the taxing district as a legislative tax relief credit allocation
17 for the year under section 57-01-20.

18 Allowance may be made for a permanent delinquency or loss in tax collection not to exceed
19 five percent of the amount of the levy.

20 **SECTION 6. AMENDMENT.** Section 57-20-03 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **57-20-03. Form of tax list.** The tax list must be made out to correspond with the
23 assessment books as respects ownership and description of property, with columns for the
24 valuation and for the various items of tax included in the total amount of all taxes set down
25 opposite such description of property. The tax list must include the mailing address for the
26 owner of each parcel of property. If the owner is an individual or more than one individual and
27 the mailing address is not the individual's or individuals' primary residence, the tax list must
28 also include the individual's or individuals' primary residence address. The amounts of special
29 taxes must be entered in appropriate columns, but the general taxes may be shown by entering
30 the rate of each tax at the head of the proper column without extending the same, in which
31 case a schedule of the rates of such taxes must be made on the first page of each tax list. The

tax lists also must show, in a separate column, the years for which any piece or parcel has been sold for taxes, if the same has not been redeemed or deeded for such taxes.

SECTION 7. AMENDMENT. Section 57-20-04 of the North Dakota Century Code is amended and reenacted as follows:

57-20-04. Abstract of tax list to be sent to tax commissioner. The county auditor, on or before December thirty-first following the levy of the taxes, shall make and transmit to the state tax commissioner, in such form as the tax commissioner may prescribe, a complete abstract of the tax list of the auditor's county. The abstract must include the total number of individually assessed parcels of property in the county within each property classification, the total true and full valuation of all property within each property classification, and the true and full valuation of all property within each property classification owned by nonresidents of this state.

SECTION 8. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer. ~~Such tax statements~~ The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the city, county, and school district and the amount of legislative tax relief credit that applies against the taxing district levies for the parcel under section 57-01-20. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

1 **SECTION 9. AMENDMENT.** Section 57-20-09 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **57-20-09. Discount for early payment of tax.** Except as provided in section
4 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall
5 pay all of the real estate taxes levied on any tract or parcel of real property in any one year in
6 full on or before February fifteenth prior to the date of delinquency. Such discount applies, after
7 deduction of any credit allowed under section 57-01-20, to the net remaining amount of all
8 general real estate taxes levied for state, county, city, township, school district, fire district, park
9 district, and any other taxing districts but does not apply to personal property taxes or special
10 assessment installments. Whenever the board of county commissioners, by resolution,
11 determines that an emergency exists in the county by virtue of weather or other catastrophe, it
12 may extend the discount period for an additional thirty days.

13 **SECTION 10. AMENDMENT.** Section 57-20-21.1 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **57-20-21.1. Priority for delinquent taxes.** When payment is made for any real or
16 personal property taxes or special assessments, payments must be applied first to the oldest
17 unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property
18 for which the tax payments are made, including any penalty and interest, except payments of a
19 legislative tax relief credit must be applied to taxes for the year for which the legislative tax
20 relief credit is granted. The discounts applicable to payment of taxes set out in section
21 57-20-09 do not apply to payment of taxes made on property upon which tax payments are
22 delinquent.

23 **SECTION 11. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota
24 Century Code is amended and reenacted as follows:

- 25 1. A tax is hereby imposed for each taxable year upon income earned or received in
26 that taxable year by every resident and nonresident individual, estate, and trust. A
27 taxpayer computing the tax under this section is only eligible for those adjustments
28 or credits that are specifically provided for in this section. Provided, that for
29 purposes of this section, any person required to file a state income tax return
30 under this chapter, but who has not computed a federal taxable income figure,
31 shall compute a federal taxable income figure using a pro forma return in order to

determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through d corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision e must be used for purposes of this subsection.

a. Single, other than head of household or surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over \$27,050 <u>\$31,850</u>	2.10%
Over \$27,050 <u>\$31,850</u> but not over \$65,550 <u>\$77,100</u>	\$568.05 <u>\$668.85</u> plus 3.92% of amount over \$27,050 <u>\$31,850</u>
Over \$65,550 <u>\$77,100</u> but not over \$136,750 <u>\$160,850</u>	\$2,077.25 <u>\$2,442.65</u> plus 4.34% of amount over \$65,550 <u>\$77,100</u>
Over \$136,750 <u>\$160,850</u> but not over \$297,350 <u>\$349,700</u>	\$5,167.33 <u>\$6,077.40</u> plus 5.04% of amount over \$136,750 <u>\$160,850</u>
Over \$297,350 <u>\$349,700</u>	\$13,261.57 <u>\$15,595.44</u> plus 5.54% of amount over \$297,350 <u>\$349,700</u>

b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over \$45,200 <u>\$63,700</u>	2.10%
Over \$45,200 <u>\$63,700</u> but not over \$109,250 <u>\$128,500</u>	\$949.20 <u>\$1,337.70</u> plus 3.92% of amount over \$45,200 <u>\$63,700</u>
Over \$109,250 <u>\$128,500</u> but not over \$166,500 <u>\$195,850</u>	\$3,459.96 <u>\$3,877.86</u> plus 4.34% of amount over \$109,250 <u>\$128,500</u>
Over \$166,500 <u>\$195,850</u> but not over \$297,350 <u>\$349,700</u>	\$5,944.61 <u>\$6,800.85</u> plus 5.04% of amount over \$166,500 <u>\$195,850</u>
Over \$297,350 <u>\$349,700</u>	\$12,539.45 <u>\$14,554.89</u> plus 5.54% of amount over \$297,350 <u>\$349,700</u>

c. Married filing separately.

If North Dakota taxable income is:	The tax is equal to:
Not over \$22,600 <u>\$31,850</u>	2.10%

Sixtieth
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1	Over \$22,600 <u>\$31,850</u> but not over	\$474.60 <u>\$668.85</u> plus 3.92% of amount
2	\$54,625 <u>\$64,250</u>	over \$22,600 <u>\$31,850</u>
3	Over \$54,625 <u>\$64,250</u> but not over	\$1,729.98 <u>\$1,938.93</u> plus 4.34% of amount
4	\$83,250 <u>\$97,925</u>	over \$54,625 <u>\$64,250</u>
5	Over \$83,250 <u>\$97,925</u> but not over	\$2,972.31 <u>\$3,400.43</u> plus 5.04% of amount
6	\$148,675 <u>\$174,850</u>	over \$83,250 <u>\$97,925</u>
7	Over \$148,675 <u>\$174,850</u>	\$6,269.73 <u>\$7,277.45</u> plus 5.54% of amount
8		over \$148,675 <u>\$174,850</u>
9	d. Head of household.	
10	If North Dakota taxable income is:	The tax is equal to:
11	Not over \$36,250 <u>\$42,650</u>	2.10%
12	Over \$36,250 <u>\$42,650</u> but not over	\$761.25 <u>\$895.65</u> plus 3.92% of amount
13	\$93,650 <u>\$110,100</u>	over \$36,250 <u>\$42,650</u>
14	Over \$93,650 <u>\$110,100</u> but not over	\$3,011.33 <u>\$3,539.69</u> plus 4.34% of amount
15	\$151,650 <u>\$178,350</u>	over \$93,650 <u>\$110,100</u>
16	Over \$151,650 <u>\$178,350</u> but not	\$5,528.53 <u>\$6,501.74</u> plus 5.04% of amount
17	over \$297,350 <u>\$349,700</u>	over \$151,650 <u>\$178,350</u>
18	Over \$297,350 <u>\$349,700</u>	\$12,871.81 <u>\$15,137.78</u> plus 5.54% of amount
19		over \$297,350 <u>\$349,700</u>
20	e. Estates and trusts.	
21	If North Dakota taxable income is:	The tax is equal to:
22	Not over \$1,800 <u>\$2,150</u>	2.10%
23	Over \$1,800 <u>\$2,150</u> but not over	\$37.80 <u>\$45.15</u> plus 3.92% of amount
24	\$4,250 <u>\$5,000</u>	over \$1,800 <u>\$2,150</u>
25	Over \$4,250 <u>\$5,000</u> but not over	\$133.84 <u>\$156.87</u> plus 4.34% of amount
26	\$6,500 <u>\$7,650</u>	over \$4,250 <u>\$5,000</u>
27	Over \$6,500 <u>\$7,650</u> but not over	\$231.49 <u>\$271.88</u> plus 5.04% of amount
28	\$8,900 <u>\$10,450</u>	over \$6,500 <u>\$7,650</u>
29	Over \$8,900 <u>\$10,450</u>	\$352.45 <u>\$413.00</u> plus 5.54% of amount
30		over \$8,900 <u>\$10,450</u>

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

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

- 13 g. For taxable years beginning after December 31, ~~2004~~ 2007, the tax
14 commissioner shall prescribe new rate schedules that apply in lieu of the
15 schedules set forth in subdivisions a through e. The new schedules must be
16 determined by increasing the minimum and maximum dollar amounts for each
17 income bracket for which a tax is imposed by the cost-of-living adjustment for
18 the taxable year as determined by the secretary of the United States treasury
19 for purposes of section 1(f) of the United States Internal Revenue Code of
20 1954, as amended. For this purpose, the rate applicable to each income
21 bracket may not be changed, and the manner of applying the cost-of-living
22 adjustment must be the same as that used for adjusting the income brackets
23 for federal income tax purposes.

24 **SECTION 12. AMENDMENT.** Section 57-55-04 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **57-55-04. Taxes - How determined - Disbursement.** The director of tax equalization
27 shall determine the tax for each mobile home by placing an evaluation on the mobile home
28 based upon its assessed value and by adjusting the valuation of the mobile home by the
29 percentage provided in section 57-02-27 to determine its taxable valuation under standards and
30 guides determined by the state tax commissioner and applying that evaluation to the preceding
31 year's total mill levies applying to property within the taxing district in which the mobile home is

located. The county treasurer shall provide a tax statement for each mobile home subject to taxation under this chapter, including three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the mobile home by the city, county, and school district and the amount of legislative tax relief credit that applies against the taxing district levies for the mobile home under section 57-01-20. If a mobile home is acquired or moved into this state during the calendar year and a tax permit has not been previously issued for such mobile home in this state for such year, the tax is determined by computing the remaining number of months of the current year to the nearest full month and multiplying that number by one-twelfth of the amount which would be due for the full year. The taxes collected under this chapter must be disbursed in the same year they are collected and in the same manner as real estate taxes for the preceding year are disbursed.

SECTION 13. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of \$80,000,000, or so much of the sum as may be necessary, to the state treasurer to be allocated in equal amounts in each year of the biennium for legislative tax relief credit payments to counties under section 57-01-20, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 14. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of \$3,604,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of enhanced funding for the expanded homestead tax credit as provided in this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 15. LEGISLATIVE COUNCIL STUDY. The legislative council shall study, in each legislative interim through 2012, the feasibility and desirability of property tax reform and providing tax relief to taxpayers of the state. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to each subsequent legislative assembly.

SECTION 16. EFFECTIVE DATE. Sections 1 through 10 and 12 of this Act are effective for taxable years beginning after December 31, 2006, for ad valorem property taxes

- 1 and for taxable years beginning after December 31, 2007, for mobile home taxes. Section 11
- 2 of this Act is effective for taxable years beginning after December 31, 2006.