

2023 SENATE FINANCE AND TAXATION

SB 2136

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2136
1/10/2023

A Bill relating to the homestead tax credit; and to provide an effective date.
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10:38 AM **Chairman Kannianen** opened the hearing. **Senators Kannianen, Weber, Magrum, Rummel, Piepkorn and Patten** were present.

Discussion Topics:

- Tax relief
- Inflation
- Homestead tax credit
- Poverty rates

10:39 AM **Senator Judy Lee, District 13**, introduced the bill.

10:41 AM **Aaron Birst, Association of Counties**, testified verbally in favor.

10:49 AM **Stephanie Dassinger Engebretson, ND League of Cities**, testified verbally in favor.

10:50 AM **Janelle Moos, Advocacy Director with ND AARP**, testified in favor. #12702.

10:51 AM **Chairman Kannianen** closed the hearing.

Danielle Butler, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2136
2/6/2023

Relating to the homestead tax credit; and to provide an effective date.

9:05 AM Chairman Kannianen opens hearing.

Senator present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Bill conflicts
- Age requirement
- Income requirement
- Taxable valuation
- Asset component
- Required paper work
- Effective date

9:50 AM Shelly Myers - Office of State Head Commissioner, provided information. (no written testimony)

9:58 AM Linda Svihovec – ND Association of counties, provided information. (no written testimony)

10:12 AM Chairman Kannianen adjourned meeting.

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2136
2/6/2023

Relating to the homestead tax credit; and to provide an effective date.

2:45 PM Chairman Kannianen opened hearing.

Senator present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Amendments
- Committee action

2:58 PM Senator Patten moved amendment. LC 23.0539.01008

2:59 PM Senator Rummel seconded.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	N
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motioned passed 5-1-0

3:01 PM Senator Patten motioned a Do Pass as amended and refer to appropriations.

3:01 PM Senator Rummel seconded.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	N
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion passed 5-1-0

3:02 PM Senator Kannianen will carry.

3:03 PM Chairman Kannianen adjourned meeting.

Nathan Liesen, Committee Clerk

ABx
2-6-23
(1-3)

PROPOSED AMENDMENTS TO SENATE BILL NO. 2136

Page 1, line 1, remove "subdivision c of"

Page 1, remove lines 5 through 24

Page 2, replace lines 1 through 11 with:

"SECTION 1. AMENDMENT. Subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

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

~~twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand one hundred twenty five dollars of taxable valuation.~~

Ata
2-6-23
(2-3)

- (6) ~~If the person's income is in excess of thirty eight thousand dollars and not in excess of forty two thousand dollars, a reduction of ten percent of the taxable valuation of the person's homestead up to a maximum reduction of five hundred sixty three dollars of taxable valuation.~~
- d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are co-owners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.
 - e. This subsection does not reduce the liability of any person for special assessments levied upon any property.
 - f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility. Any income information contained in the statement of facts is a confidential record.
 - g. ~~A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person exceeds five hundred thousand dollars, including the value of any assets divested within the last three years.~~
 - h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.
 - i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.
 - i. A person who is eligible for an exemption under this subsection is eligible to receive a full or partial exemption under this subsection based on the date of submission of the verified statement of facts required under subdivision f. If the person submits the verified statement of facts:
 - (1) By February first of the current taxable year, the person is eligible for the full exemption under this subsection.
 - (2) After February first of the current taxable year and no later than November fifth of the current taxable year, the person is eligible to receive a pro rata share of the exemption under this subsection. To claim a pro rata share of the exemption under this subsection, the person shall submit the verified statement of facts by the fifth day of the month preceding the first full month of the prorated exemption. The tax commissioner shall calculate the pro rata share of the exemption based on the number of months remaining in the taxable year, beginning the month after the verified statement of facts is timely submitted."

Renumber accordingly

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2-6-23
(3-3)

REPORT OF STANDING COMMITTEE

SB 2136: Finance and Taxation Committee (Sen. Kannianen, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEARS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2136 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 1, remove "subdivision c of"

Page 1, remove lines 5 through 24

Page 2, replace lines 1 through 11 with:

"SECTION 1. AMENDMENT. Subsection 1 of section 57-02-08.1 of the North Dakota Century Code is amended and reenacted as follows:

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

~~person's homestead up to a maximum reduction of one thousand one hundred twenty-five dollars of taxable valuation.~~

~~(6) If the person's income is in excess of thirty-eight thousand dollars and not in excess of forty-two thousand dollars, a reduction of ten percent of the taxable valuation of the person's homestead up to a maximum reduction of five hundred sixty-three dollars of taxable valuation.~~

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

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

f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility. Any income information contained in the statement of facts is a confidential record.

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

~~h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.~~

~~i.h. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.~~

i. A person who is eligible for an exemption under this subsection is eligible to receive a full or partial exemption under this subsection based on the date of submission of the verified statement of facts required under subdivision f. If the person submits the verified statement of facts:

(1) By February first of the current taxable year, the person is eligible for the full exemption under this subsection.

(2) After February first of the current taxable year and no later than November fifth of the current taxable year, the person is eligible to receive a pro rata share of the exemption under this subsection. To claim a pro rata share of the exemption under this subsection, the person shall submit the verified statement of facts by the fifth day of the month preceding the first full month of the prorated exemption. The tax commissioner shall calculate the pro rata share of the exemption based on the number of months remaining in the taxable year, beginning the month after the verified statement of facts is timely submitted."

Renumber accordingly

2023 SENATE APPROPRIATIONS

SB 2136

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2136
2/10/2023

Relating to the homestead tax credit; to provide an appropriation; and to provide an effective date.
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10:11 AM Chairman Bekkedahl opened the meeting.

Members present: **Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.**

Members Absent: **Senator Erbele**

Discussion Topics:

- Committee Action

10:11 AM Senator Kannianen introduced the bill.

10:35 AM Senator Mathern moved DO PASS.

10:35 AM Senator Davison seconded.

10:39 AM Roll call vote.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	A
Senator Curt Kreun	N
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	N
Senator Terry M. Wanzek	Y
Senator Rust	Y

Passed 13-2-1

10:46 AM Senator Sorvaag moved to RECONSIDER.

10:46 AM Senator Mathern seconded.

10:46 AM Roll call vote

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	A
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y
Senator Rust	Y

Passed 15-0-1

10:46 AM Senator Sorvaag moved AMENDMENT LC 25.0539.02001

10:47 AM Senator Mathern seconded.

10:47 AM Roll call vote

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	A
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y
Senator Rust	Y

Passed 15-0-1

10:48 AM Senator Sorvaag moved DO PASS as AMENDED

10:48 AM Senator Mathern seconded.

10:49 AM Roll call vote.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	A
Senator Curt Kreun	N
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	N
Senator Terry M. Wanzek	Y
Senator Rust	Y

Passed 13-2-1

Senator Kannianen will carry the bill.

10:49 AM Chairman Bekkedahl closed the meeting.

Peter Gualandri on behalf of Kathleen Hall, Committee Clerk

AG
2-13-23
(1-1)

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2136

Page 1, line 2, after "credit" insert "; to provide an appropriation"

Page 3, after line 19, insert:

"SECTION 2. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - HOMESTEAD TAX CREDIT PROGRAM. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of \$135,000,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of paying the state reimbursement under the homestead tax credit, for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 3, line 20, replace "This" with "Section 1 of this"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides an appropriation of \$135 million from the strategic investment and improvements fund to the Tax Commissioner for providing additional funding for the homestead tax credit program due to provisions of this bill.

REPORT OF STANDING COMMITTEE

SB 2136, as engrossed: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2136 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 2, after "credit" insert "; to provide an appropriation"

Page 3, after line 19, insert:

"SECTION 2. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - HOMESTEAD TAX CREDIT PROGRAM. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of \$135,000,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of paying the state reimbursement under the homestead tax credit, for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 3, line 20, replace "This" with "Section 1 of this"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides an appropriation of \$135 million from the strategic investment and improvements fund to the Tax Commissioner for providing additional funding for the homestead tax credit program due to provisions of this bill.

2023 HOUSE FINANCE AND TAXATION

SB 2136

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

SB 2136
3/15/2023

A bill relating to the homestead tax credit.
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Chairman Headland opened the hearing at 9:58AM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVille, and Representative Ista. No members absent.

Discussion Topics:

- Property tax burden relief
- Tax relief stipulations
- Taxable valuation limits

Senator Lee introduced the bill in support (#25226).

Linda Svihovec, North Dakota Association of Counties, verbally testified in support.

Janelle Moos, Associate State Director of Advocacy with AARP of North Dakota, testified in support (#24400).

Shelli Meyers, North Dakota Tax Department, requested three administrative updates they would like to see: page 3, line 14, change November 5 to November 1, on page 3, line 18, instead of Tax Commissioner change to County Auditor, and change the effective date to 2023.

Chairman Headland closed the hearing at 10:18AM.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

SB 2136
4/19/2023

A bill relating to the homestead tax credit.

Chairman Headland opened the meeting at 10:19 AM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Bosch, Representative Dockter, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVille, and Representative Ista. Members absent: Representative Anderson, Representative Fisher.

Discussion Topics:

- Committee vote

Representative Motschenbacher moved a Do Not Pass.

Representative Hatlestad seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	AB
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	N
Representative Jay Fisher	AB
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	N
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	N
Representative Nathan Toman	Y

Motion carried 9-3-2

Representative Dockter is the bill carrier.

Chairman Headland adjourned at 10:23 AM.

Mary Brucker, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2136, as reengrossed: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO NOT PASS** (9 YEAS, 3 NAYS, 2 ABSENT AND NOT VOTING). Reengrossed SB 2136 was placed on the Fourteenth order on the calendar.

TESTIMONY

SB 2136

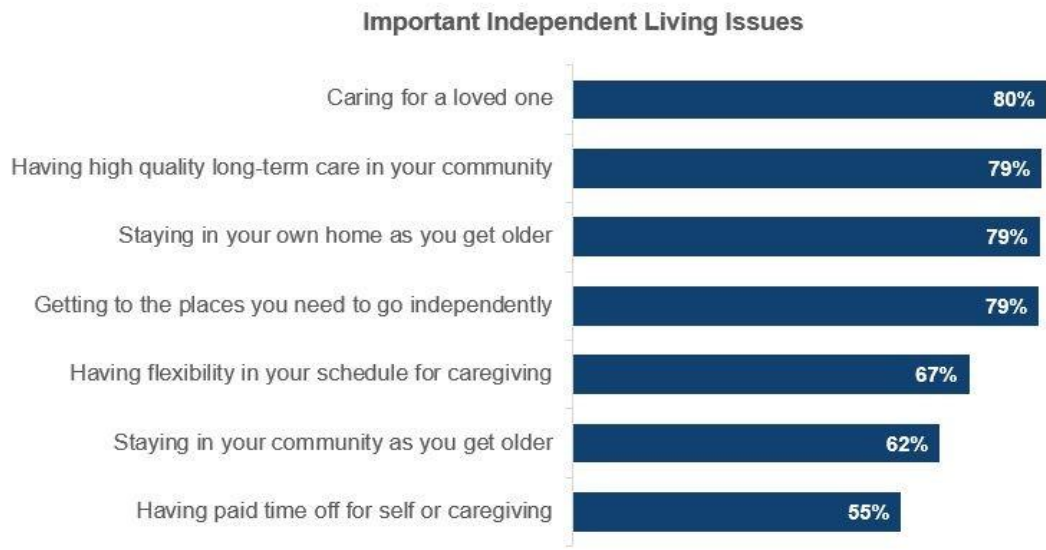


Senate Bill 2136 – Support
January 10, 2023
Senate Finance and Tax Committee
Janelle Moos, AARP ND- jmoos@aarp.org

Chairman Kannianen and members of the Senate Finance and Tax Committee,

My name is Janelle Moos, Associate State Director for Advocacy with AARP North Dakota. We are here to provide support for Senate Bill (SB) 2136. Creating livable communities throughout our neighborhoods, where residents of all ages can live, work, raise their families, and retire- is a priority for AARP North Dakota. Essential to this vision is affordable housing.

Below is a chart from our 2020 North Dakota Vital Voices Survey, a state specific survey of issues that impact North Dakotan’s 45+ conducted every three years. In our survey last year, 79% indicated that staying in their own home as they got older, getting to the places they need to go and having access to quality long term care in their community was extremely or very important. Also, 62% said staying in their community as they got older was extremely or very important.



11. For the following list of issues, please indicate how important each is to you personally. (Percent 'extremely important' or 'very important') (n=722)

We want to thank you and previous legislatures for the continued support of the Homestead Property Tax Credit. It's an important tax break provided to older North Dakotans who are the most financially vulnerable. We support the changes outlined in SB 2136 and would recommend the committee consider indexing the adjustments to inflation, so the legislature doesn't have to re-visit this issue every two years.

Property taxes are some of the most burdensome taxes for many low-income and older homeowners. Many of our older citizens have lived in their homes for a long time. As their property values have increased, so have their property taxes. But many do not have the income to afford the yearly increases in their property taxes while also meeting their basic needs for food, medicine and utilities.

AARP policy supports efforts for property tax relief provided in an equitable manner to low- and moderate-income homeowners and renters. Circuit breaker programs offer property tax credits or homestead exemptions that decrease as income increases, resulting in a more progressive tax system. Therefore, lower-income households receive greater tax relief than higher-income households.

Targeted relief programs, like the Homestead Tax Credit, keep property taxes manageable and foster housing stability and affordability for both homeowners and renters. Housing stability is essential for long-term health and financial security, therefore, AARP North Dakota supports SB 2136 and encourages the committee to look favorable upon the bill as well.

Thank you.

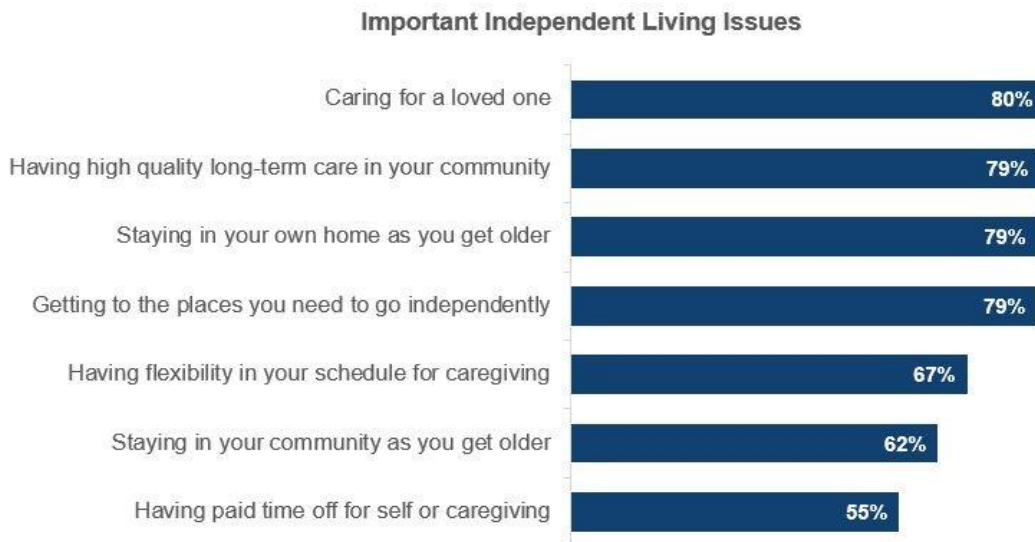


Senate Bill 2136 – Support
March 15, 2023
House Finance and Tax Committee
Janelle Moos, AARP ND- jmoos@aarp.org

Chairman Headland and members of the House Finance and Tax Committee,

My name is Janelle Moos, Associate State Director for Advocacy with AARP North Dakota. We are here to provide support for Senate Bill (SB) 2136. Creating livable communities throughout our neighborhoods, where residents of all ages can live, work, raise their families, and retire- is a priority for AARP North Dakota. Essential to this vision is affordable housing.

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Property taxes are some of the most burdensome taxes for many low-income and older homeowners. Many of our older citizens have lived in their homes for a long time. As their property values have increased, so have their property taxes. But many do not have the income to afford the yearly increases in their property taxes while also meeting their basic needs for food, medicine and utilities.

AARP policy supports efforts for property tax relief provided in an equitable manner to low- and moderate-income homeowners and renters. Circuit breaker programs offer property tax credits or homestead exemptions that decrease as income increases, resulting in a more progressive tax system. Therefore, lower-income households receive greater tax relief than higher-income households.

Targeted relief programs, like the Homestead Tax Credit, keep property taxes manageable and foster housing stability and affordability for both homeowners and renters. Housing stability is essential for long-term health and financial security, therefore, AARP North Dakota supports SB 2136 and encourages the committee to look favorable upon the bill as well.

Thank you.

SB 2136 presentation to House Finance and Tax Committee

March 15, 2023

SB 2136 improves the homestead tax credit, which is the most effective way to reduce the property tax burden to homeowners on fixed incomes whose homes are increasing in value, but their income is not growing enough to pay the increasing taxes.

SB 2136 was significantly improved from my original proposal, and I do support the manner in which they approached this issue.

A person 65 years of age or older or permanently and totally disabled, with an income of \$100,000 or less, is entitled to a reduction in the assessment on the taxable valuation on the person's homestead.

The exemption continues to apply, if the owner is in a skilled care facility or hospital, as long as the home is not rented to another person.

The exemption must be determined as a reduction of 100% of the taxable valuation up to a maximum reduction of \$9000 of taxable valuation.

Married couples are entitled to only one exemption. Persons unrelated who own a home are entitled to a proration of a full exemption equal to their ownership interest in the property.

This subsection does not reduce the owner's liability for special assessments levied upon the property.

A home owner claiming the exemption shall sign a verified statement of facts establishing his or her eligibility. Income information will be confidential.

Page 3's amendment spells out details of prorating the exemption, if property is owned for part of the year.

Section 2 appropriates \$135,000 000 to fund this exemption. There is no asset limit.

Section 3 implements this beginning with tax year 2023.

The original bill and the previous amendments were a graduated exemption, depending on the owner's income and the taxable valuation. There is an asset limit in the current law of \$500,000.

This amended bill has no asset limit, and I encourage your committee to revisit that provision. I think that people with significant assets can afford to pay the full tax bill.

The bill is not specific on defining income. Is it gross income or adjusted gross income? What income is included?

Should "person" be changed to "individual" throughout the bill? "Person" includes corporations and other entities, and I think we want to focus on people.

I checked a Cass county tax bill for an example of how this bill works.

For a home with a market value of \$491,200, the taxable valuation is \$22,104.

Taxable value of \$22,104 - \$9000 = \$13,104.

The full tax of \$7248.71 after discount of \$331.46 would be a net tax of \$6917.25.

The tax with exemption applied would be \$4102.

Even in the Fargo/West Fargo area, a nearly \$500,000 home is a pretty nice place. The owner may be able to pay full tax.

I absolutely support the homestead credit tax exemption, but I do encourage you to consider changes in one or more of the following:

1. Annual income, particularly stipulating exactly what that means
2. Perhaps graduating the income and taxable value adjustments
3. Exempt taxable value that now is \$9000
4. Returning the asset limit
5. Changing "person" to "individual"