NORTH DAKOTA
Brian Kroshus, Tax Commissioner

PROPERTY TAX CREDITS FOR NORTH DAKOTA HOMEOWNERS AND RENTERS

Homeowners

A homeowner may qualify for a reduction in the taxable value of the homestead.

Eligibility Requirements

Age

1. The applicant must be 65 years of age or older in the year for which the application for a property tax credit is made, except if the applicant is totally and permanently disabled, there is no age requirement.
2. In instances where a husband and wife are living together and both parties are 65 years of age or older, only one may apply for the credit. In no instance shall a husband and wife living together both be entitled to a credit.
3. In instances where a husband and wife are living together and only one is 65 years of age or older, the spouse who is 65 years of age or older is eligible to apply for the credit.

Disability

4. The applicant must be permanently and totally disabled. A person who becomes disabled after February 1 is eligible for the credit for that year.
5. 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 12 months. Substantial gainful activity is established annually by the U.S. Social Security Administration and found at **www.ssa.gov**; search for substantial gainful activity.
6. Proof of permanent and total disability must be established with a certificate from a licensed physician or a written determination of disability from the social security administration or any federal or state agency authorized to certify an individual's disability.

* 7. The initial physician's certificate or determination establishing eligibility remains in effect until circumstances change. An assessor may require a new physician's certificate if there is evidence of a change in eligibility, for example, an increase in wages or salary which might indicate the applicant is now engaged in substantial gainful activity.

- For 2022, substantial gainful activity was set at $1,350 a month for people with disabilities and $2,260 a month if the person is blind.
- For 2023, substantial gainful activity was set at $1,470 a month for people with disabilities and $2,460 a month if the person is blind.
- For 2024, substantial gainful activity was set at $1,550 a month for people with disabilities and $2,590 a month if the person is blind.
- For 2025, substantial gainful activity was set at $1,620 a month for people with disabilities and $2,700 a month if the person is blind.

Income

8. Income received by the applicant, plus the income of a spouse and any dependents, for the calendar year preceding the assessment date may not exceed $70,000 after deduction of eligible medical expenses. Income from all sources is considered.

9. The income of a spouse is not included with the income of the applicant if the spouse is not dependent upon the applicant, and a premarital agreement specifically provides that spousal support is eliminated. Where the spouse has legal interest in the property but is not dependent upon the applicant, the amount of credit for which the applicant is eligible is reduced by the amount of the spouse's interest. The status of the agreement should be verified each year.
10. Income includes but is not limited to:
    - Social security benefits.
    - Pensions, including military pension and I.R.A.
    - Salaries and wages.
    - Dividends and Interest.
    - Net gains from the sale of property.
    - Net rental income.
    - Net profit from any business, including farming and ranching.
    - Unemployment compensation benefits.
    - Alimony.
11. Items which are not income for purposes of homestead credit include but are not limited to:
    - Life insurance proceeds.
    - Money received from gifts or inheritance.
    - Social security lump sum death payments.
    - Workers compensation payments, including survivor benefits.
    - Insurance policy proceeds for illness, injury or dismemberment.
    - Insurance policy proceeds for casualty losses to property.
    - Child support.
    - Federal fuel assistance.
    - Renters refund.
    - Food stamps.
    - VA disability.
    - TANF (Temporary Assistance for Needy Families).
12. By law, stipends from the following federal programs are not considered income:
    - Foster Grandparents Program.
    - Retired Senior Volunteer Program.
    - Senior Companion Program.
    - Vista Program.
13. Applicants may deduct from their income the amount of medical expenses actually paid by them or by any person dependent upon them and not reimbursed by insurance or other form of compensation. Medical expenses that have been incurred but not paid are not deductible. The term medical expenses has the same meaning as it has for federal income tax purposes. Prescription drugs are deductible but over-the-counter drugs are not deductible.
14. Applicants' financial information is confidential. Therefore, the data on questions 4 through 11 on the application cannot be divulged but may be provided to local officials where necessary to perform their official duties.

Additional Requirements

15. Homestead is defined as contiguous land and improvements not to exceed $200,000 in value. Lots that are otherwise contiguous (share a common point) will not lose contiguity if separated by a public road or right of way.
16. The applicant must reside on the property for which the credit is claimed and, as of the assessment date, have an interest in the property. Generally, such an interest can best be established by a written record or document, such as a deed, contract for deed, life estate, or declaration of homestead.
17. An applicant who resides in one unit of a multi-unit building is eligible for the credit for the property up to a maximum of $200,000 in value.
18. When a husband and wife hold property in joint tenancy, the eligible applicant is entitled to a full credit. See number 9 under Income on page 1. Where there is a non-dependent spouse and a premarital agreement eliminating spousal support. When property is owned in joint tenancy with person(s) other than the applicant's spouse, the value of the property is to be apportioned on the basis of the number of joint tenants and the credit is calculated from the portion allocated to each eligible applicant.

    Please see number 33 listed below for an example.
19. An applicant who is temporarily absent from the homestead is still eligible for the credit if the homestead awaits the applicant's return and is not rented.
20. A person whose homestead is exempt as a farm residence pursuant to N.D.C.C. § 57-02-08(15) is not eligible for this credit.
21. A legal representative of a qualified homeowner may make application for the credit on behalf of the owner.
22. If a recipient of the homeowner's property tax credit sells the homestead, the credit is portable and may be applied to the recipient's new homestead.
23. In the event of the applicant's death, all benefits terminate at the end of the taxable year.
24. If there is more than one tax credit having the same priority, the tax credits must be allowed in the order that is most beneficial to the taxpayer (see examples 32 and 33).

Computing the Credit for Homeowners

* 25. Applicants who's property is in the ownership of their revocable trust are eligible for this credit. Applicants who's property is in the ownership of an irrevocable trust are not eligible for this credit.

26. The property tax credit is given in the form of reduced property tax assessment.
27. The credit applies directly to the taxable value of the homestead. The maximum credit allowed beginning with the 2023 assessment is calculated as follows:

If the applicant's income is			Taxable value is reduced by	Maximum reduction
$ 0	-	40,000	100%	$9,000
40,001	-	70,000	50%	4,500

28. The Senior Citizens or Disabled Persons Property Tax Credit is subject to adjustment, equalization, and abatement in the same manner as other real property tax assessments.

Calculations: Various Scenarios (Assume all applicants qualify)

29. Facts: Taxable Value (TV) of homestead for 2023 is greater than $9,000. Applicant's income provides a 50% homestead credit.

Taxable Value (TV) of homestead		$ 9,775
Maximum TV credit allowed	$ 9,000	
x Applicant's interest in property (100%)	x 1.00	
TV of credit allowed for 100% interest	$ 9,000	
x Homestead credit allowed (50%)	x .50	
TV of credit		- 4,500
TV of homestead after homestead credit ($9,775 - $4,500)		**$ 5,275**

30. Facts: Taxable value (TV) of homestead is less than $9,000. Applicant's income provides a 100% credit. Applicant is single and co-owns the homestead with a non-spouse as tenants in common with equal percentage of ownership. The ownership percentage may differ, please see the deed for correct percentage.

Taxable Value (TV) of homestead		$ 7,005
TV of credit available (TV of homestead less than $9,000)	$ 7,005	
x Applicant's interest in the property (50%)	x .50	
TV of credit allowed for 50% interest	$ 3,503	
x Homestead credit allowed (100%)	x 1.00	
TV of credit		- 3,503
TV of homestead after homestead credit ($7,005 - $3,503)		**$ 3,502**

31. Facts: An applicant's income provides a 50% credit. The applicant is married and is living with the spouse. The applicant sold House No. 1 on March 31, and bought and moved into House No. 2 on April 1. The applicant was eligible for the credit for House No. 1 from January 1 through March 31. Applicant was eligible for credit for House No. 2 from April 1 through December 31.

Homestead No. 1

Taxable Value (TV) of homestead		$ 11,560
Maximum TV credit allowed	$ 9,000	
x Applicant's interest in property (100%)	x 1.00	
TV of credit allowed for this applicant	9,000	
x Homestead credit allowed (50%)	x .50	
TV of credit	$ 4,500	
x Percentage of year applicant is eligible for credit January 1 – March 31 (3/12 = 0.25 or 25%)	x .25	
TV of Applicant's credit for 3 months		- 1,125
TV of **Homestead No. 1** after homestead credit ($11,560 - $1,125)		**$ 10,435**

Homestead No. 2

Taxable Value (TV) of homestead		$ 8,450
Maximum TV credit allowed	$ 8,450	
x Applicant's interest in property (100%)	x 1.00	
TV of credit allowed for this applicant	8,450	
x Homestead credit allowed (50%)	x .50	
TV of credit	$ 4,225	
x Percentage of year applicant is eligible for credit April 1 – December 31 (9/12 = 0.75 or 75%)	x .75	
TV of Applicant's credit for 9 months		- 3,169
TV of **Homestead No. 2** after homestead credit ($8,450 - $3,169)		**$ 5,281**

32. Facts: Applicant qualifies for 50% disabled veterans credit and 50% homestead credit. The applicant is married, is living with the spouse, owned the homestead for 12 months and has 100% ownership.

Taxable Value (TV) of homestead (land and bldgs.) = $ 7,628

DVC applied first:	$ 7,628	
Maximum TV allowed	x 1.00	
x Applicant's interest in the property	7.628	
TV of credit allowed for this applicant	x .50	
x Disability percentage (50%)	$ 3,814	
TV of credit		
x Percentage of year applicant is eligible for credit January 1 – December 31	x 1.00	
		- 3,814
TV of Homestead after disabled veterans credit		**$ 3,814**

HPC applied to remaining taxable value ($3,814).

Remaining Taxable Value		$ 3,814
x Applicant's interest in the property	x 1.00	
TV of credit allowed for this applicant	3,814	
x Homestead percentage (50%)	x .50	
TV of credit	$ 1,907	
x Percentage of year applicant is eligible for credit January 1 – December 31	x 1.00	
TV of Homestead after both credits applied		- 1,907
		$ 1,907

Taxpayer will owe taxes on the remaining $1,907 taxable value ($7,628 - ($3,814 + $1,907) = $1,907).

NOTE - Remember to perform calculations to determine which credit should be applied first to determine the greater benefit for the applicant.

33. Facts: Applicant qualifies for 100% disabled veterans credit and 100% homestead credit. The applicant is married, is living with the spouse, owned the homestead for 12 months and has 100% ownership.

Taxable Value (TV) of homestead (land and bldgs.) =		$ 20,000
DVC applied first:		
Maximum TV allowed	$9,000	
x Applicant's interest in the property	x 1.00	
TV of credit allowed for this applicant	9,000	
x Disability percentage (100%)	x 1.00	
TV of credit	$ 9,000	
x Percentage of year applicant is eligible for credit January 1 – December 31	x 1.00	
TV of Homestead after disabled veterans credit		- 9,000
		$ 11,000

HPC applied to remaining taxable value ($11,000).

Maximum TV allowed	$ 9,000	
x Applicant's interest in the property	x 1.00	
TV of credit allowed for this applicant	9,000	
x Homestead percentage (100%)	x 1.00	
TV of credit	$ 9,000	
x Percentage of year applicant is eligible for credit January 1 – December 31	x 1.00	
TV of Homestead after both credits applied		- 9,000
		$ 2,000

Taxpayer will owe taxes on the remaining $2,000 taxable value ($20,000 - ($9,000 + $9,000) = $2,000).

34. Example:

A husband and wife own a residence in joint tenancy with their son who is not a dependent. The true and full value of the property is $76,000 ($3,420 taxable value). The husband and wife have 2/3 interest in the property and qualify for a 50% homestead credit.

$3,420 x 2/3 interest	=	$2,280
	x	50%
Homestead Credit	**$**	**1,140**

NOTE - Remember to perform calculations to determine which credit should be applied first to determine the greater benefit for the applicant.

Funding of the Property Tax Credit

35. The state reimburses the counties for the full amount of credit allowed to each homeowner.

Renters

A renter may qualify for a refund of a portion of the rent deemed to represent property taxes.

Eligibility Requirements

Age/Disability

36. A renter must meet the same age or disability requirements as a homeowner.

Income

37. A renter must meet the same income requirements as a homeowner. The income in the previous year cannot exceed $70,000.

Assets

38. A renter is not subject to any asset requirements.

Additional Requirements

39. Federal rent subsidy is excluded from the calculation of rent and income.
40. Heat, lights, water and garbage service, telephone, cable TV or furniture costs may not be considered as part of rent costs. If the landlord pays for utilities or provides furniture, the applicant must deduct the cost of those items from rent when applying for a refund. If the renter pays for the utilities and furniture or cable TV, the renter may not add the cost of those items to the rent when applying for the refund. Rent paid for a garage may not be included.
41. No refund may be made to a person who pays rent or fees for any living quarters, including a nursing home, that are exempt from taxation; however, qualified renters are eligible for a refund if the living quarters are subject to payments in lieu of property taxes.
42. A person who received a homeowner's property tax credit is not eligible for a renter's property tax refund for the same year. Exception: a qualifying owner of a mobile home located on a rented lot may apply for the homeowner's property tax credit on the mobile home and a renter's refund of part of the lot rent paid.
43. Application for the refund must be filed with the Office of State Tax Commissioner before June 1 following the year for which the refund is claimed. However, for good cause, the tax commissioner may grant an extension of time to file an application.
44. There is no provision for applying for a prior year's renter's property tax refund.

Computing The Renter's Property Tax Refund

* 45. In order for the applicant to receive a refund of part of the rent paid, 20% of the annual rent payments must exceed 4% of the applicant's annual income. The renter receives a refund of the difference.

Example:

- A renter pays $800 rent per month ($9,600 per year).
- The renter's income is $35,000.
- 20% of $9,600 is $1,920.
- 4% of $35,000 is $1,400.
- $1,920 minus $1,400 equals $520.
- The renter is entitled to a refund of $520.

* 46. A refund may not exceed $600. A qualifying applicant will receive no less than a $5 refund.

47. The estate of a deceased applicant may apply for a refund for the portion of the previous year during which the applicant paid rent.