

BIENNIAL REPORT

56TH EDITION

20 23



ND Tax
NORTH DAKOTA

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EXECUTIVE SUMMARY

In the 2021-2023 Biennial Report provided by the North Dakota Office of State Tax Commissioner you will find useful data regarding the state's tax types administered by the agency. A brief overview of changes made during the 2023 Legislative Session will be included, as well as general information about the agency's structure, mission and statutory duties.



NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER

The North Dakota Office of State Tax Commissioner strives to provide prompt, accurate, and courteous service to taxpayers by fairly and effectively administering the tax laws of North Dakota.

The North Dakota Office of State Tax Commissioner has operated as an independent state agency since 1912. As the primary revenue collection agency for the state of North Dakota, the department collects more than 95 percent of all general fund dollars.

The Office of State Tax Commissioner collects revenue from nearly 30 tax types including, but not limited to: sales and use tax, individual and corporate income tax, oil and gas tax and excise taxes, including motor vehicle, alcohol and tobacco taxes.

Specific duties of the agency are set through the North Dakota Century Code (N.D.C.C.) Title 57, and the general powers and duties in N.D.C.C. § 57-01-02.

HISTORY OF THE OFFICE OF STATE TAX COMMISSIONER

The North Dakota Office of State Tax Commissioner has operated as an independent state agency since 1912. From 1912 to 1919, a nonpartisan Tax Commission administered the tax laws of the state. This Commission was composed of three members appointed by the Governor with consent of the Senate.

In 1919, the Tax Commissioner was appointed by the Governor with the consent of the Senate. The Tax Commissioner post became an elected office in 1941. The first Tax Commissioner elected to the position was John Gray.

TAX COMMISSIONER BRIAN KROSHUS

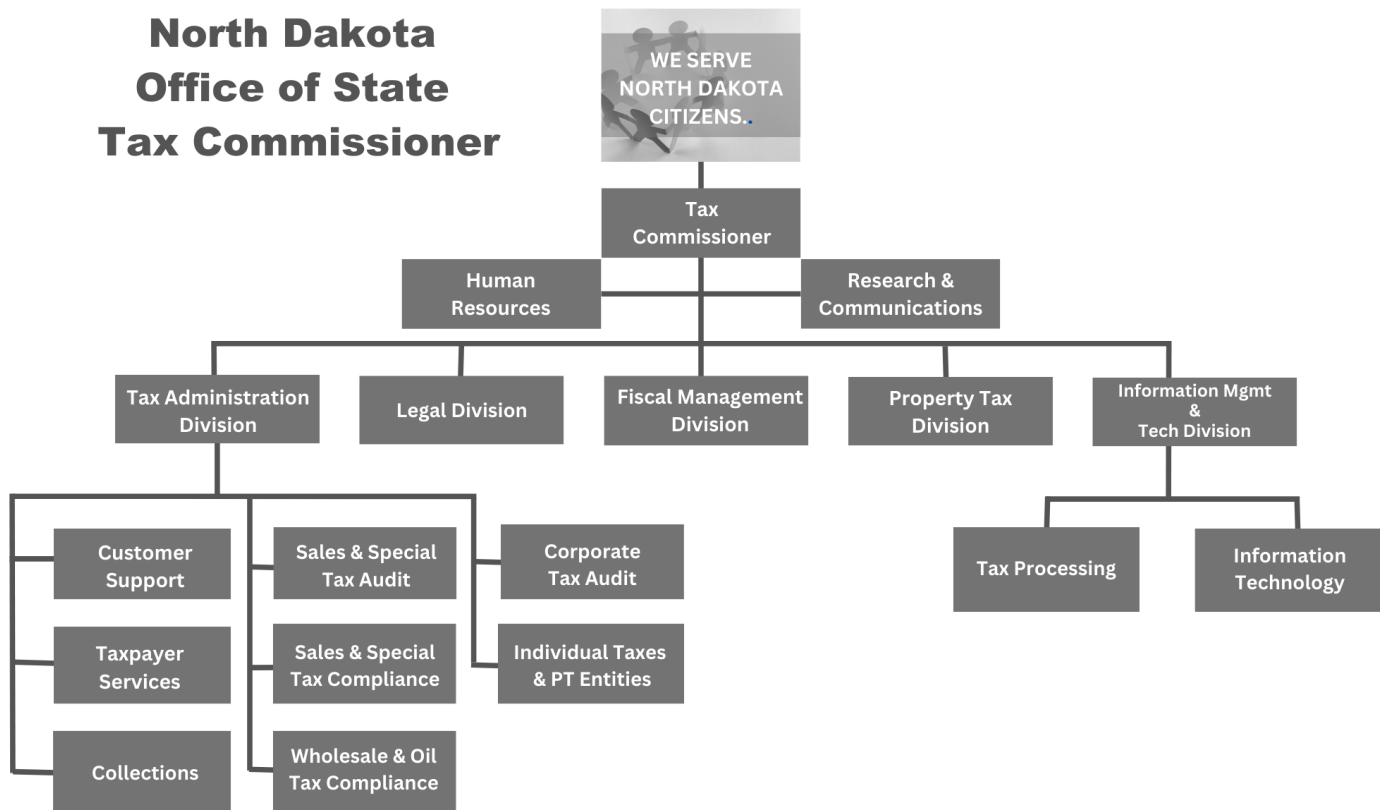


Tax Commissioner Brian Kroshus was appointed Tax Commissioner in December 2021 by Governor Doug Burgum and elected in 2022.

He has a background in business, agriculture and energy. Prior to his time as Tax Commissioner, he served as Public Service Commissioner from March 2017 to December 2021. He also spent 30 years in business management, including 20 years with Lee Enterprises in Bismarck. During his time with Lee Enterprises, he managed business units throughout the United States and received national recognition numerous times for operational excellence.

ORGANIZATIONAL CHART

North Dakota Office of State Tax Commissioner



FUNCTIONS & RESPONSIBILITIES

The Office of State Tax Commissioner is comprised of six divisions. The following provides insight into the roles and responsibilities of these divisions.

COMMISSIONER'S DIVISION

- This is the administrative center of the agency. It serves as the agency's primary research arm, manages its personnel and communication functions, and conducts studies as assigned by the Commissioner on tax-related matters.

TAX ADMINISTRATION DIVISION

- The largest division of the agency administers taxes for individual income, corporate income, sales and use, motor fuels, oil and gas gross production, oil extraction, alcoholic beverages, tobacco products and estate; special taxes; telecommunications gross receipts tax; and applicable local option taxes. This division is also responsible for the collection of delinquent taxes and determining licensing requirements, establishing filing frequency requirements and managing taxpayer demographic information.

LEGAL DIVISION

- The Legal Division provides litigation services and legal advice and counsel to the agency and State Board of Equalization. The division responds to inquiries and prepares opinions on tax questions from the Tax Commissioner, Office of State Tax Commissioner staff, legislators, state and local officials and the public. This division drafts bills to be presented, assists legislative committees by providing information on legislative proposals and participates in hearings during the legislative process. They also assist in interpreting new or amended laws and aid the agency and Tax Commissioner in the implementation of those laws.

FISCAL MANAGEMENT DIVISION

- This is the financial center covering revenue accounting, accounts payable, payroll, asset management, purchasing, and budgeting.

PROPERTY TAX DIVISION

- The Property Tax Division administers property and utility taxes, coal taxes, the Homestead Property Tax Credit and Renter's Refund Program, the Disabled Veterans Property Tax Credit Program and provides administrative and technical support to the State Board of Equalization.

INFORMATION MANAGEMENT AND TECHNOLOGY DIVISION

- The Information Management and Technology (IM&T) Division leads the agency's technology efforts and safeguards taxpayer data. They support an integrated tax system (Gentax® and the onsite support staff) and all other software programs used throughout the agency. The IM&T division is also responsible for processing all incoming and outgoing mail, printing, validating, imaging, data entry and storage of all tax records.



LEGISLATIVE UPDATES

Legislation enacted during the 2023 Legislative Session impacts the administration of some of North Dakota's major taxes during the 2023-2025 biennium and in the years beyond. The following summarizes this legislation.

The information provided in this section is not reflected in the charts and graphs on the succeeding pages. New approved state tax laws will affect future net collections and will be displayed in upcoming biennial reports.

ALCOHOL TAX

- As of August 1, 2023, the laws for alcohol wholesale tax on domestic licenses has changed. Licensees may now be issued up to 40 special event permits, which allow vendors to dispense, sell or give samples of beer or spirits they manufacture at an off-premises location, per calendar year. Special permits allow the licensee to dispense, sell or give samples of beer or spirits they manufacture at an off-premises location. The new laws also removed the requirement that a North Dakota domestic distiller licensee must use a majority of North Dakota farm products to manufacture spirits at the licensed location.

CIGAR LOUNGE CERTIFICATION

- A new law allows cigar smokers to smoke inside cigar lounges, as long as the lounge receives a valid certificate from the Office of State Tax Commissioner. To receive the certificate, the lounge must generate 15% of its annual gross income from the sale of cigars and have specific ventilation criteria, as outlined in N.D.C.C. § 23-12-10.

CIGARETTE & TOBACCO TAX

- The licensing requirements, reporting requirements and the definition of electronic smoking devices were updated under cigarette and tobacco tax law. The new changes are outlined in N.D.C.C. Ch. 57-36.

TRIBAL ALCOHOL & TOBACCO TAX

- Amendments were made to an existing law enabling the Governor, in consultation with the Tax Commissioner, to enter into an agreement with a North Dakota Native American Tribe to administer Tribal wholesale taxes on cigarette and tobacco transactions, and gross receipts taxes on retail sales of alcoholic beverages.

- The amended language allows a Tribe to enter into an agreement for the collection, administration, enforcement and allocation of any combination of the three identified tax types and updates the revenue-sharing allocation to 80% to the Tribe and 20% to the state.

INCOME TAX

- Beginning tax year 2023, the existing individual income tax rate five-bracket system for individuals, estates and trusts was replaced with a three-bracket system. This substantially lowered individual income tax rates. The new tax bracket rates can be found at tax.nd.gov.
- Peace Officer - A new individual income tax deduction is provided for certain peace officer retirement benefits. A deduction is provided for the retirement benefit received from a retirement plan maintained by an employer from which the individual retired as a peace officer.
- Contributions - An income tax credit is allowed for contributions to the following organizations: (1) a child placing agency licensed by the North Dakota Department of Health and Human Services (DHS), (2) a nonprofit maternity home located in North Dakota, or (3) a pregnancy help center recognized by DHS.
- Apprentice - A new income tax credit was created for the employment of an apprentice. The credit allowed against income tax is 10% of the qualified compensation paid to an apprentice employed in North Dakota.
- A new law expanded the Renaissance Zone program's tax incentive period from five years to eight years.

MOTOR FUEL TAX

- The refund reduction of one-half cent per gallon on motor vehicle fuel taxes has been lifted for those buying the fuel for industrial purposes.

MOTOR VEHICLE EXCISE TAX

- A bill expanded the motor vehicle excise tax exemption for disabled veterans allowing the exemption to apply to a remarried surviving spouse.
- The motor vehicle excise tax exemption was also updated for enrolled Tribal members. It now clarifies that a purchase of a motor vehicle by a qualifying Tribal member is exempt from motor vehicle excise tax.

LEGISLATIVE UPDATES

PROPERTY TAX

- A new Primary Residence Credit was established for North Dakota homeowners during the 2023 Legislative Session. To be eligible for the credit, you must own a home (house, mobile home, duplex, town home, or condo) in North Dakota, and reside in it as your primary residence. Applications for the credit must be submitted through the North Dakota Office of State Tax Commissioner. Homeowners with an approved application may receive up to a \$500 credit against their property tax obligation. There are no age or income restrictions on the credit. Only one Primary Residence Credit is available per household.
- An existing property tax credit was also expanded during the 2023 session. The income requirement on the Homestead Property Tax Credit was increased to \$70,000 a year. Applicants are still required to be 65 years or older or have a permanent and total disability that is established by an accredited agency.

OIL & GAS

- The gas gross production base tax rate has been adjusted. The new law requires the annual base rate adjustment and tax rate notice to be provided on the Office of State Tax Commissioner's website.
- A bill passed during the 2023 Legislative session removed the oil extraction tax rate change trigger for all North Dakota oil wells, except designated Tribal oil wells and designated straddle wells. The bill eliminates the oil extraction tax rate increase from 5% to 6% after three months of average prices for a barrel of crude oil exceeding the annual trigger price adjustment. The annual oil trigger price adjustment can be found on the Office of State Tax Commissioner's website.
- A new oil extraction tax incentive rate for restimulated wells was introduced. Restimulated wells were once used for oil production and then treated with an application of fluid under pressure for the purpose of creating additional fractures in the same location.

SALES & USE TAX

- Beginning July 1, 2023, sales and use tax will not be collected on the sale of children's diapers (disposable and reusable) in North Dakota.

- A bill expanded sales and use tax exemptions for qualifying senior citizen organizations upon approval of a submitted application to the Office of State Tax Commissioner's Tax Administration Division.
- A new sales and use tax exemption was created for materials used to construct, expand or make an environmental upgrade to facilities that create transportation fuels by refining renewable feedstock.
- A new sales and use tax exemption was created for facilities that extract critical minerals or rare earth elements from lignite coal or create a product from lignite coal, like carbon fibers, graphite or building materials.



SALES & SPECIAL TAXES NEWSLETTER

2023 LEGISLATIVE RECAP

The following are highlights of sales and special taxes legislation approved by the 2023 Legislative Assembly and signed into law by Governor Doug Burgum.

ND Tax
NORTH DAKOTA

June 2023

Additional Information on tax changes made during the 2023 Legislative Session can be found in the Office of State Tax Commissioner's online newsletters at tax.nd.gov.



COMPARATIVE STATEMENTS

In this section, an overview of the Office of State Tax Commissioner's comparative statements will be provided. This gives a direct "biennium-to-biennium" comparison of the total net collections.

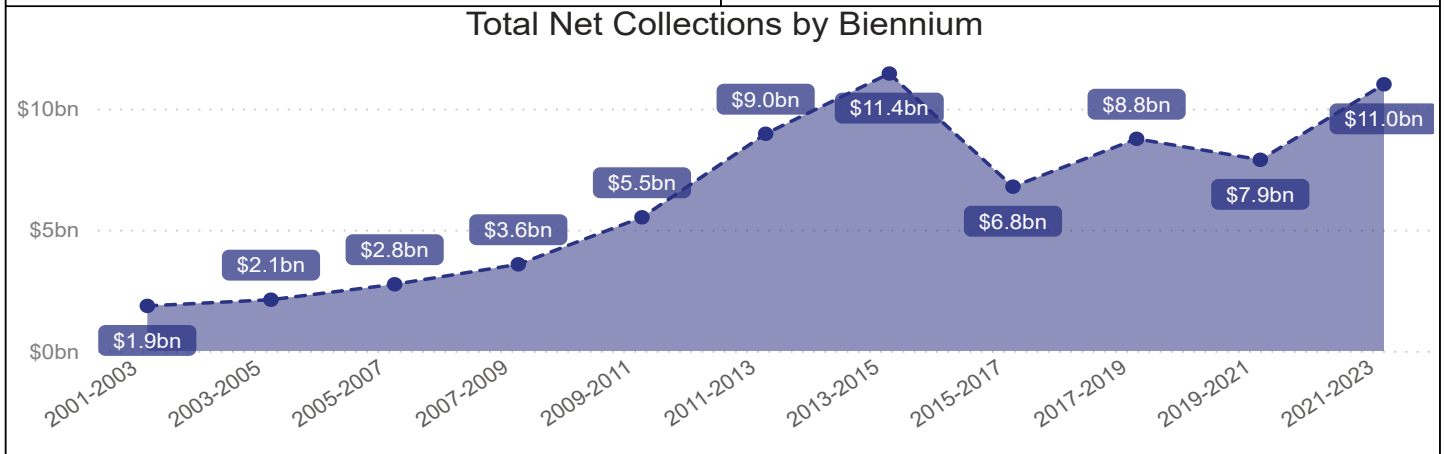
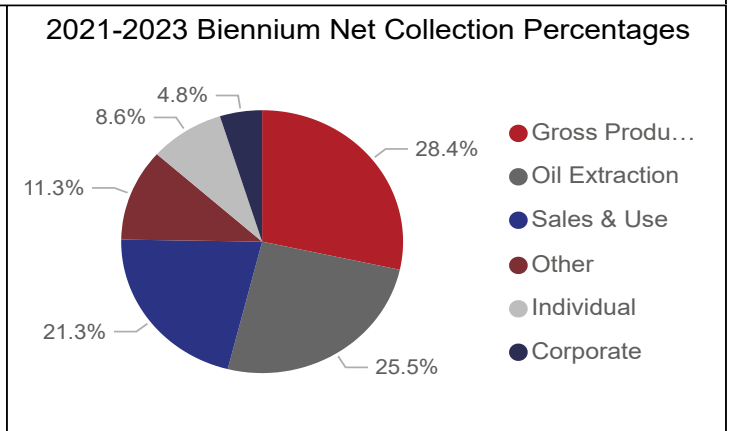
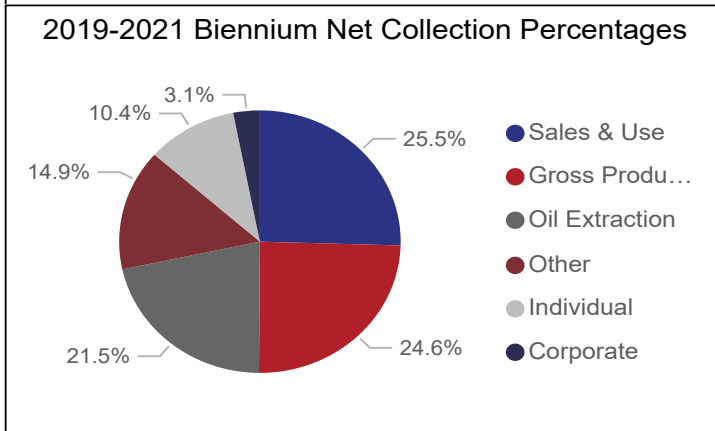
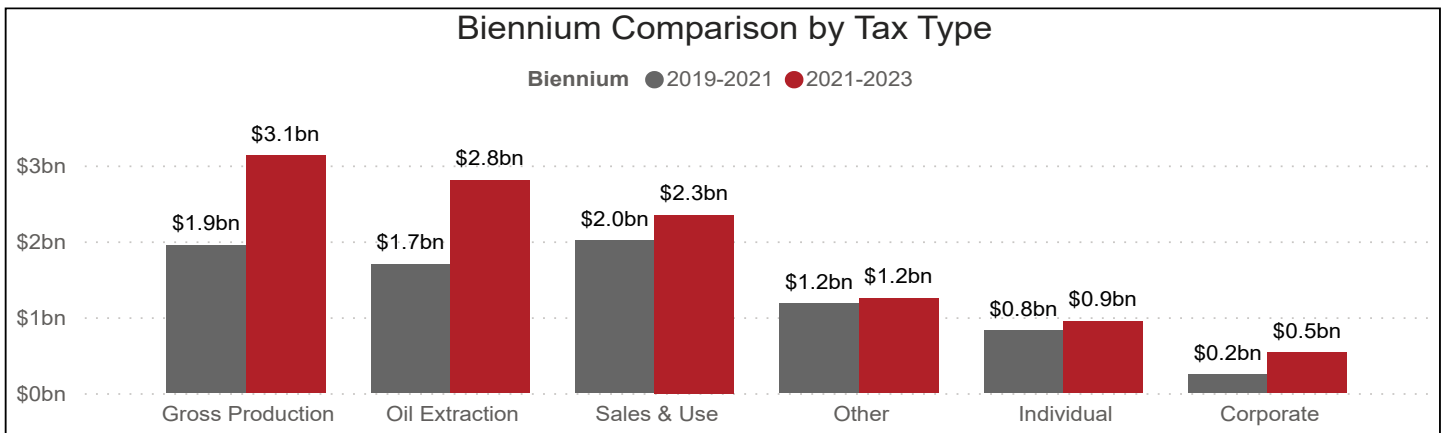
A biennium is a period of two fiscal years. A biennium for the State of North Dakota starts on July 1st of odd-numbered years and ends on June 30th of the following odd-numbered year.

A fiscal year is a one-year period that starts on July 1st and ends on June 30th of the following year.

COMPARATIVE STATEMENT OF COLLECTIONS

The charts on this page give a broad overview of the net collections by tax type over the last two bienniums. The top score cards show the total collection amounts, as well as the biennium percentage change. The bar chart compares the net collections by tax type. The two pie charts show the net collections as a percentage. The line chart at the bottom gives a historical view of net collections for the previous 10 bienniums.

2021-2023 Biennium <h2>\$11.0bn</h2> Total Net Collections	2019-2021 Biennium <h2>\$7.9bn</h2> Total Net Collections	Biennium Difference <h2>39.5%</h2> Percentage Change
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STATEMENT OF COLLECTIONS: 2021-2023 BIENNIUM

Tax or Fund Type	Fiscal Year 2022	Fiscal Year 2023	Biennium Total
Aircraft Excise Tax	\$21,649	\$184,559	\$206,208
Airline Tax	\$257,109	\$255,847	\$512,956
Centennial Tree Trust Fund	\$42,534	\$37,943	\$80,478
Cigarette Tax (Cities)	\$1,209,573	\$1,095,050	\$2,304,623
Cigarette Tax (GF)	\$16,534,624	\$14,965,627	\$31,500,251
Cigarette Tax (Tribe)	\$76,401	\$75,557	\$151,958
Coal Conversion Tax	\$6,671,229	\$5,102,099	\$11,773,328
Coal Severance Tax	\$10,343,540	\$10,337,509	\$20,681,049
Corporate Income Tax	\$223,786,315	\$308,960,938	\$532,747,252
Electric Generation Tax	\$25,789,719	\$28,106,912	\$53,896,631
Financial Institutions Tax	\$116,669	(\$5,016)	\$111,653
Fuel Dealers & Inspection Fees	\$253,378	\$276,802	\$530,180
Individual Income Tax	\$458,606,976	\$484,841,723	\$943,448,699
Local Motor Vehicle Rental Tax	\$131,433	\$189,706	\$321,139
Local Occupancy Tax	\$3,143,331	\$3,660,099	\$6,803,430
Local Restaurant and Lodging Tax	\$9,252,883	\$9,965,087	\$19,217,971
Local Sales Tax	\$315,887,274	\$354,356,027	\$670,243,302
Miscellaneous Remittances	\$9,558	\$16,719	\$26,277
Motor Vehicle Excise Tax	\$357,143	\$543,431	\$900,574
Motor Vehicle Fuel Tax	\$95,554,536	\$94,832,549	\$190,387,085
Music and Composition Tax	\$221,882	\$272,023	\$493,905
Nongame Wildlife Fund	\$34,002	\$33,973	\$67,975
Oil & Gas Gross Production Tax	\$1,494,531,005	\$1,634,144,485	\$3,128,675,490
Oil Extraction Tax	\$1,303,104,198	\$1,502,726,167	\$2,805,830,364
Organ Transplant Support Fund	\$18,679	\$17,412	\$36,091
Prepaid Wireless Fees	\$1,209,813	\$1,144,589	\$2,354,401
Provider Assessment	\$6,420,261	\$8,113,049	\$14,533,310
Sales and Use Tax	\$1,074,641,837	\$1,270,399,915	\$2,345,041,752
Special Fuel Tax	\$84,386,493	\$91,606,401	\$175,992,894
Telecommunications Tax	\$6,273,262	\$5,142,735	\$11,415,997
Tobacco Tax	\$6,827,551	\$6,751,440	\$13,578,991
Veterans' Postwar Trust Fund	\$31,213	\$28,555	\$59,768
Wholesale Liquor/beer Tax	\$9,903,036	\$10,653,454	\$20,556,490
Total	\$5,155,649,104	\$5,848,833,368	\$11,004,482,472



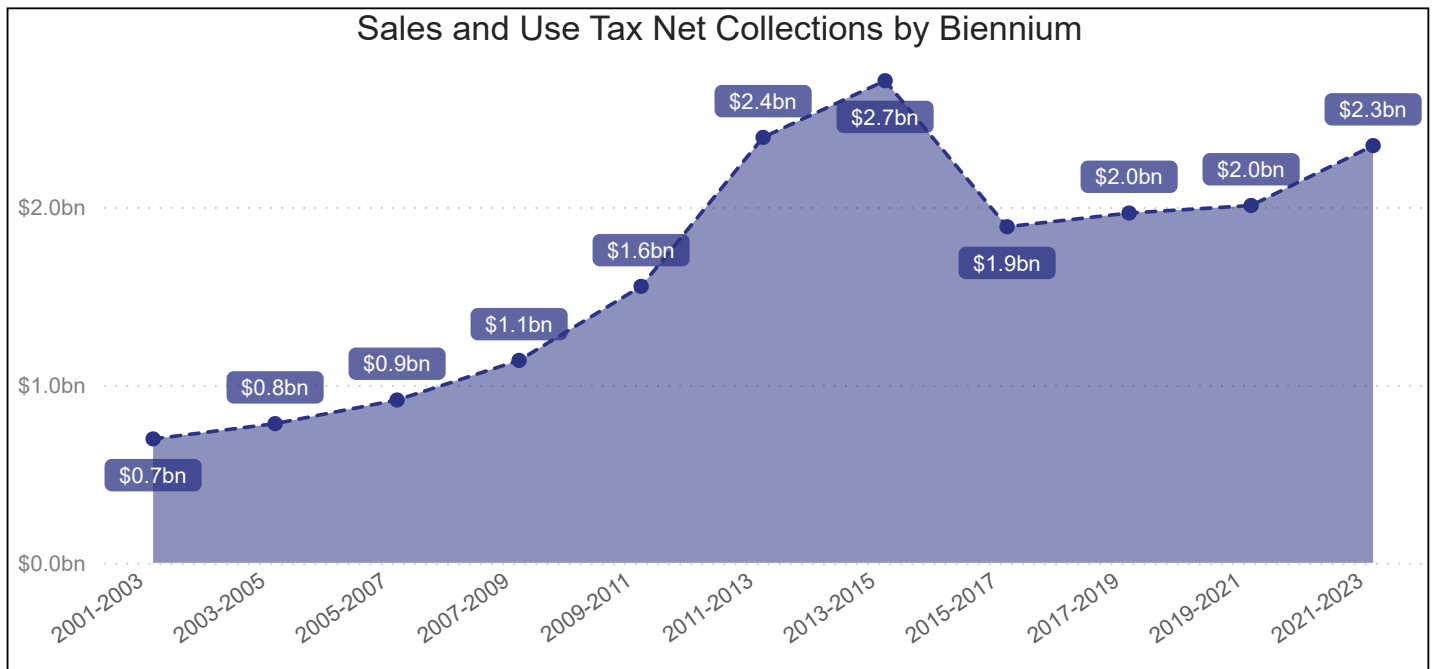
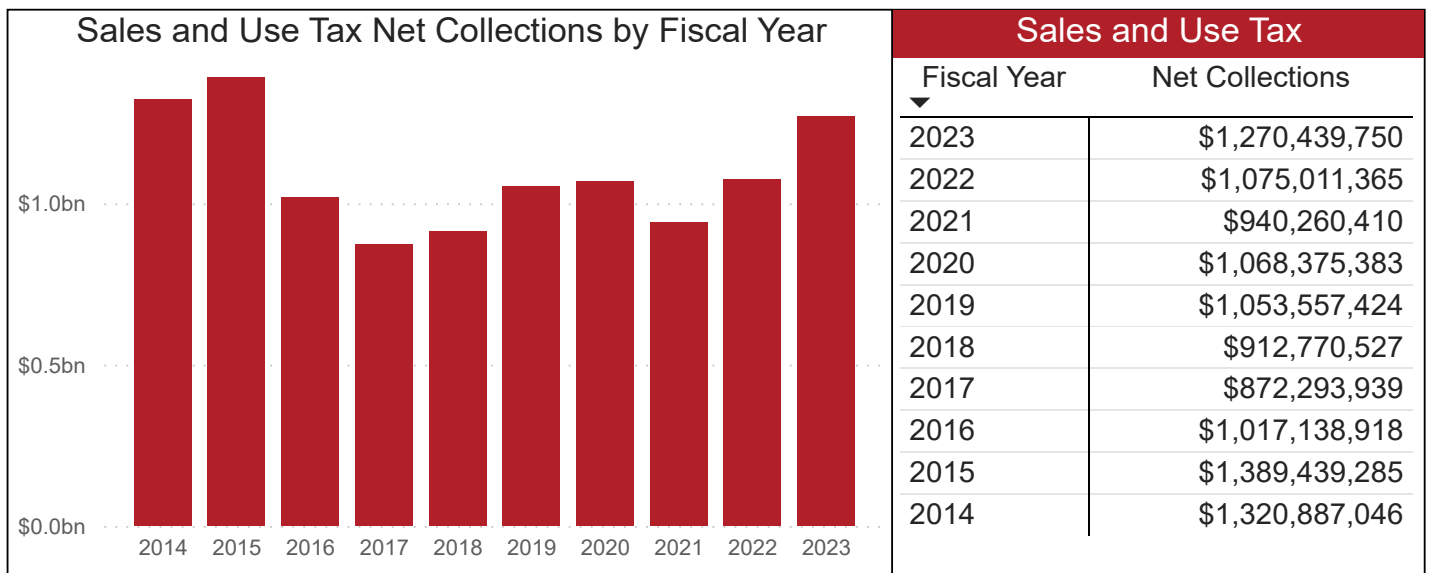
LARGEST COLLECTION TYPES

In this section, North Dakota's net collections for sales and use tax, individual income tax, corporate income tax, oil and gas production tax, and oil extraction tax are highlighted. For additional sales and individual income tax details, please see the taxable sales and purchases Power BI and individual income tax Power BI. Both can be found on the Office of State Tax Commissioner's website at www.tax.nd.gov/data.

SALES AND USE TAX

Generally, the North Dakota sales, use, and gross receipts taxes are imposed on the gross receipts of retailers. Sales tax is paid by the purchaser and collected by the retailer. The general sales and use tax rate is 5%, alcoholic beverages are taxed at 7%, and the tax rate on new farm machinery and new mobile homes is 3%. The revenues are then deposited into a variety of funds, including the State Aid Distribution Fund, County Aid Distribution Fund, Ag Research Fund, Multistate Audit Fund, and the General Fund.

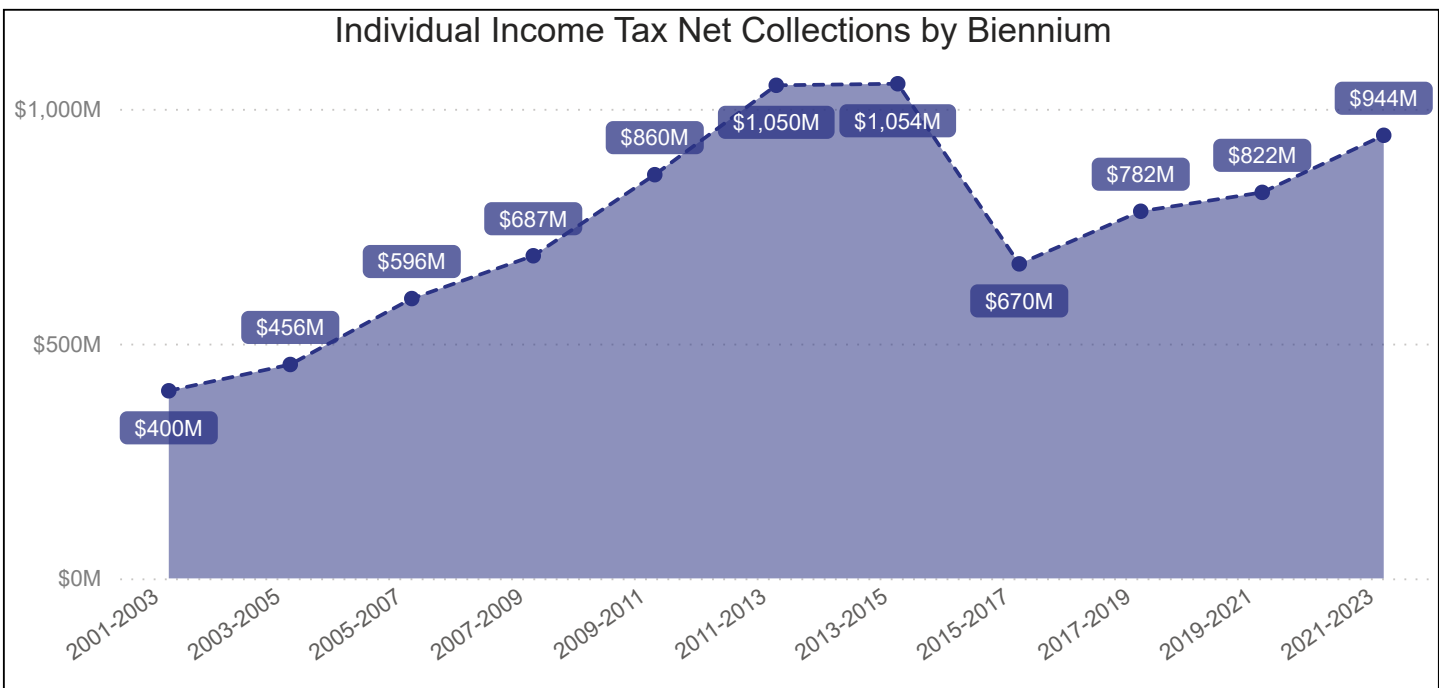
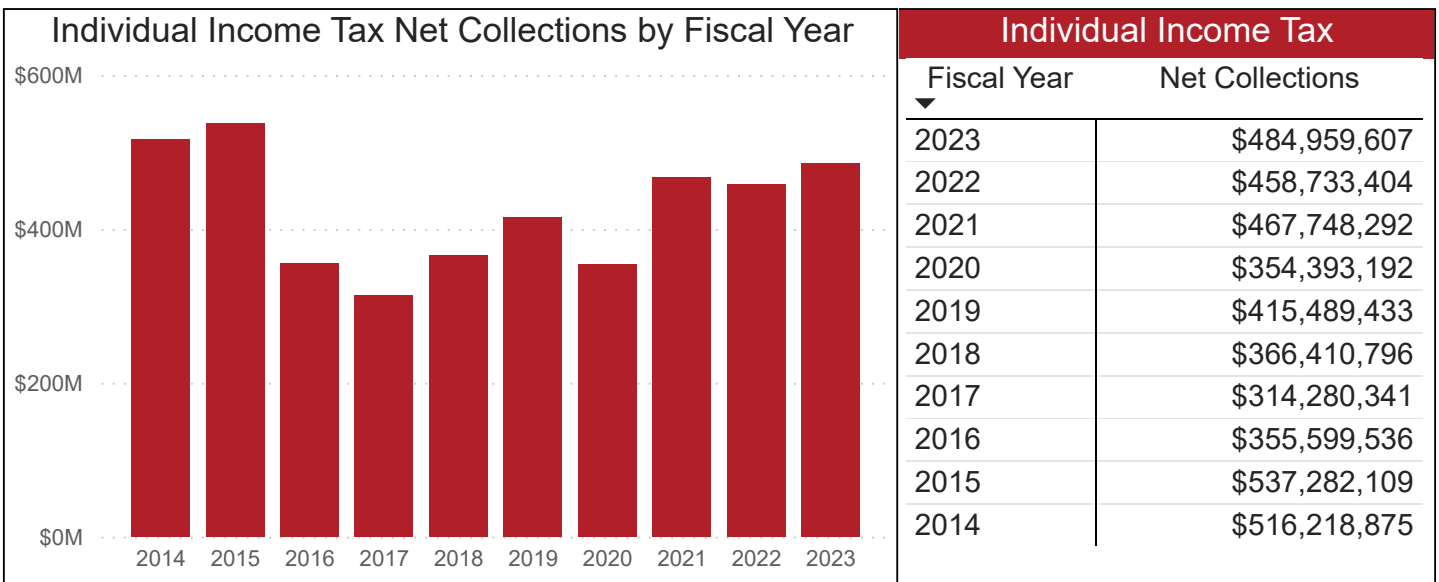
2021-2023 Biennium \$2.3bn Net Collections	2019-2021 Biennium \$2.0bn Net Collections	Biennium Difference 16.8% Percentage Change
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INDIVIDUAL INCOME TAX

For tax years 2013 and 2014, tax rates ranged from 1.22% to 3.22% of North Dakota taxable income. For tax years beginning with 2015, the tax rates range from 1.10% to 2.90% of North Dakota taxable income. Tax years 2021 and 2022 included the tax relief credit which was worth up to \$350 for single filers and up to \$700 for joint filers. Individual income tax revenues are deposited in the State General Fund.

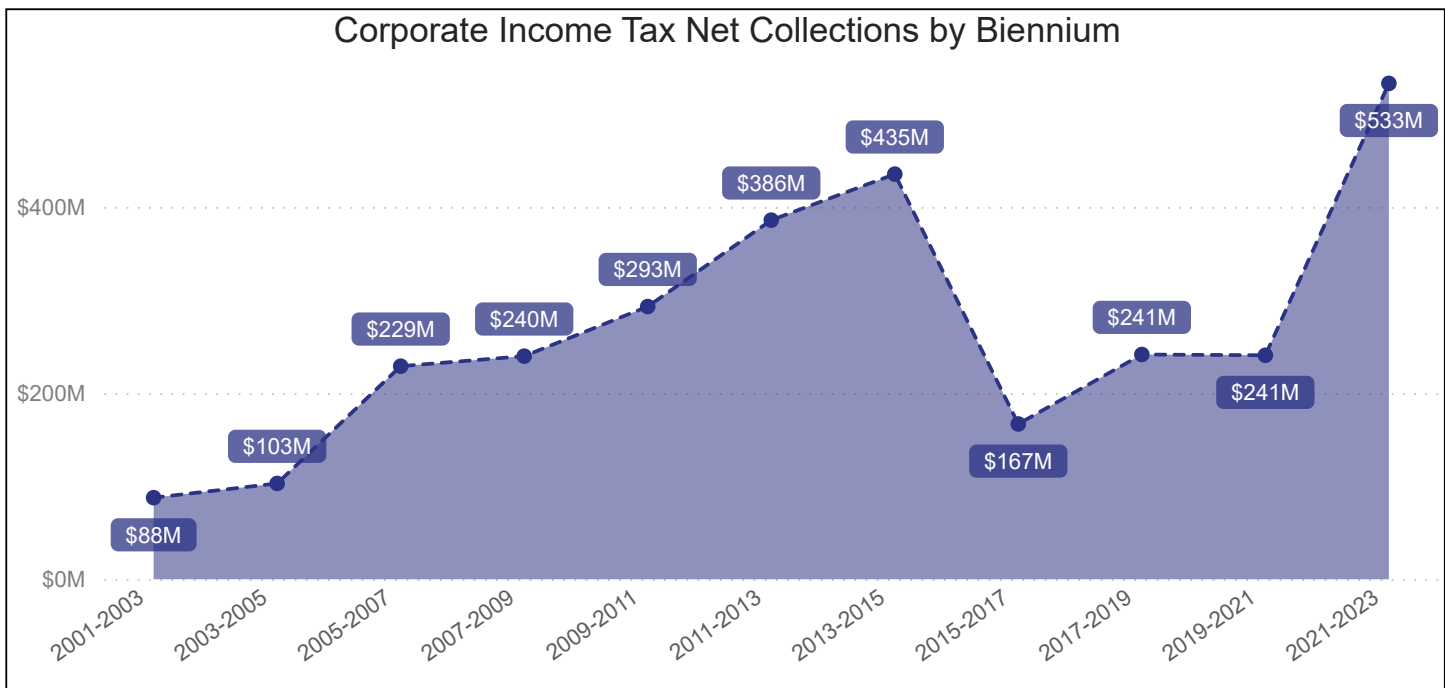
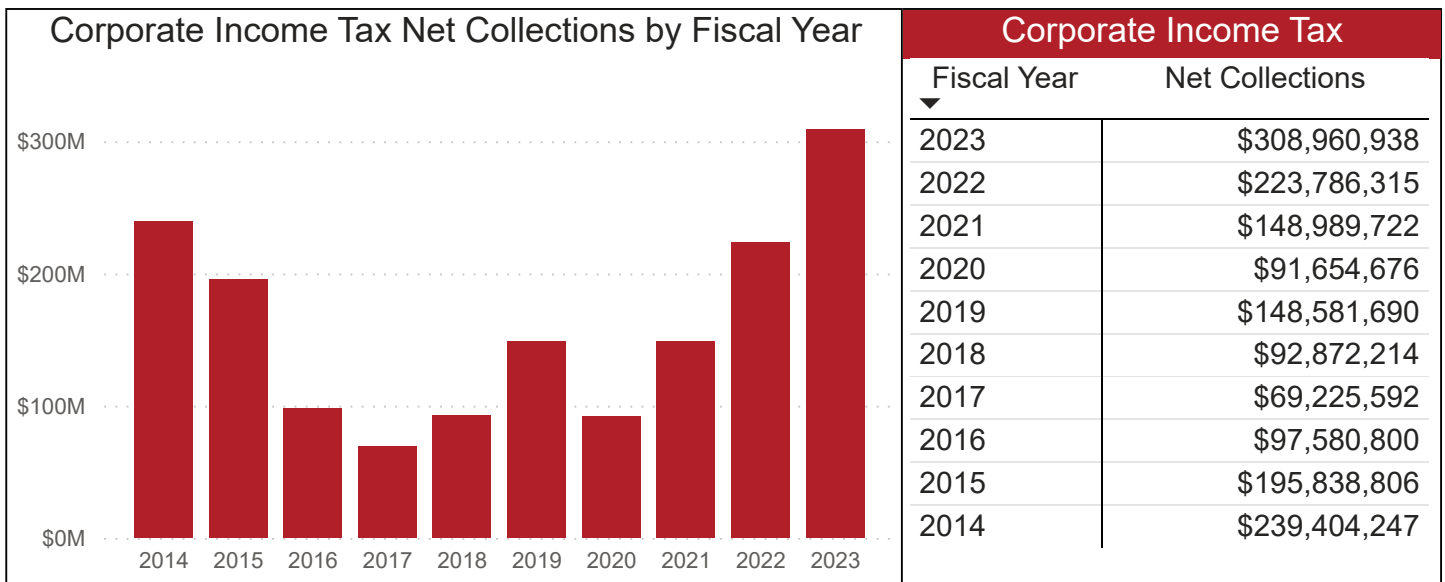
2021-2023 Biennium	2019-2021 Biennium	Biennium Difference
\$943.7M	\$822.1M	14.8%
Net Collections	Net Collections	Percentage Change



CORPORATE INCOME TAX

For tax years 2013 and 2014, tax rates ranged from 1.48% to 4.53%. For the tax years beginning with 2015, tax rates range from 1.41% to 4.31%. Corporate income tax revenues are deposited in the State General Fund.

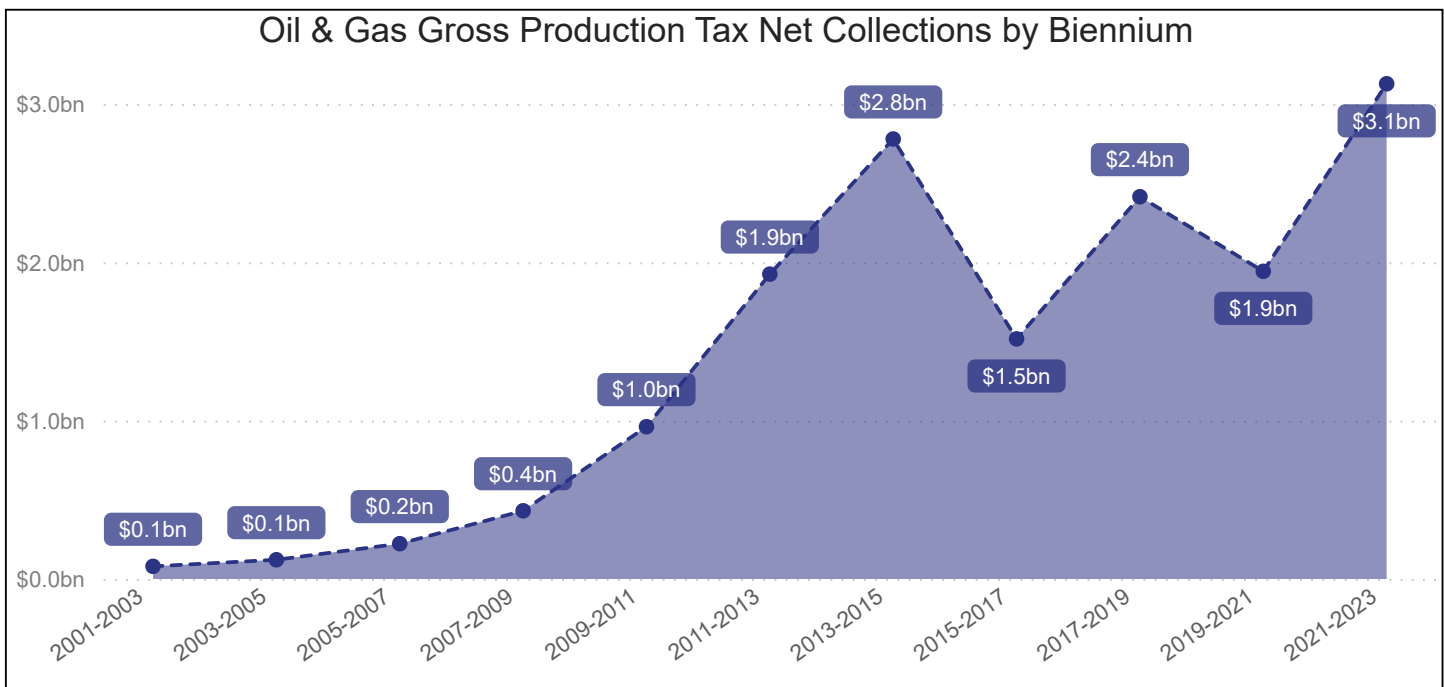
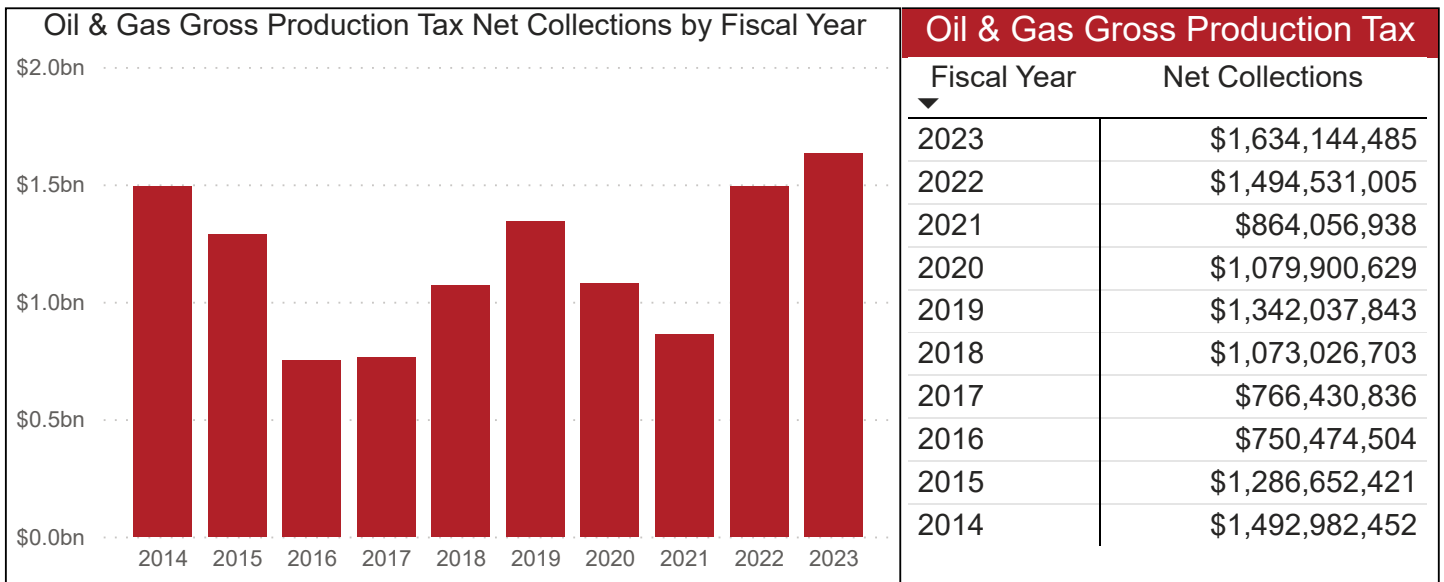
2021-2023 Biennium	2019-2021 Biennium	Biennium Difference
\$532.7M	\$240.6M	121.4%
Net Collections	Net Collections	Percentage Change



OIL AND GAS GROSS PRODUCTION TAX

The gross value of oil production at the well, less any part which is specifically exempt, is taxed at a rate of 5% in lieu of property taxes on the oil and gas producing properties. Gas production is taxed on a volume basis at a rate determined by the movement of a fuels cost index. These tax revenues are deposited into a variety of funds, including the Outdoor Heritage Fund, Abandoned Oil and Gas Well Plugging and Site Reclamation Fund, Legacy Fund, and the State General Fund. Additional revenue is allocated to the oil producing counties.

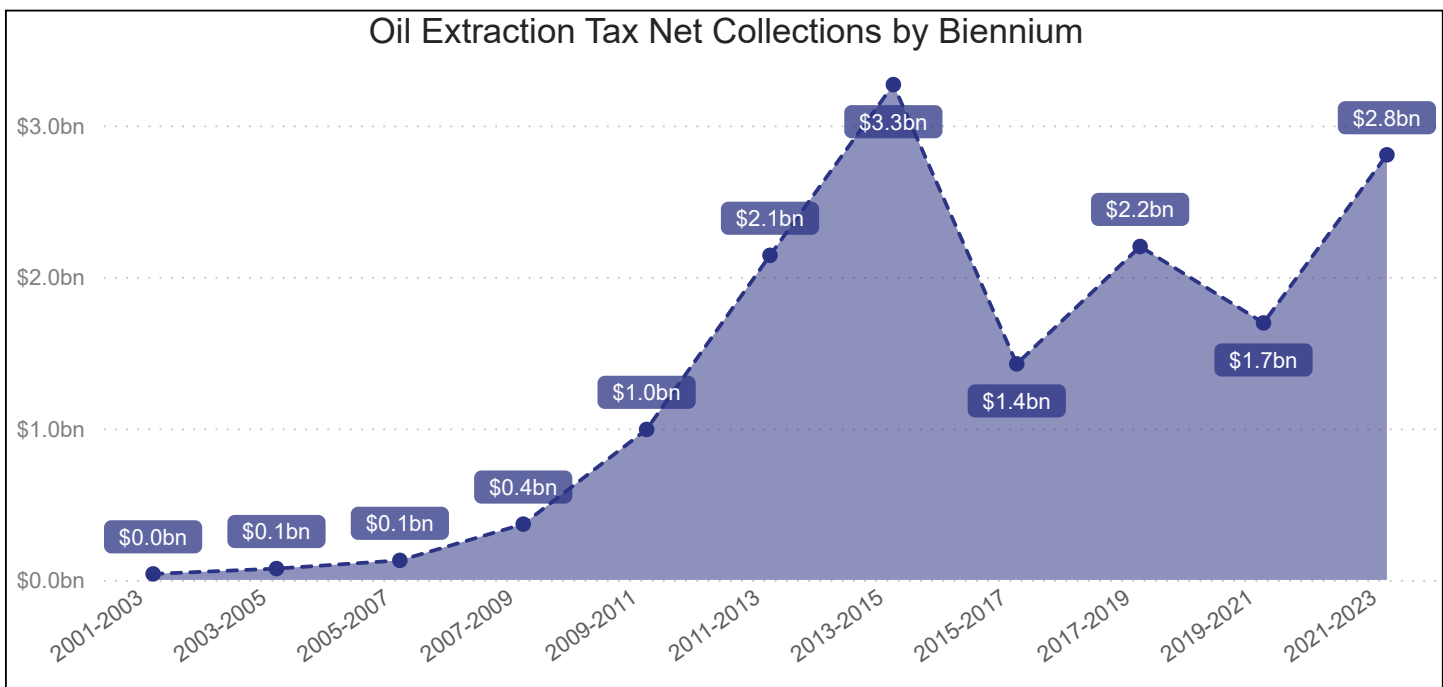
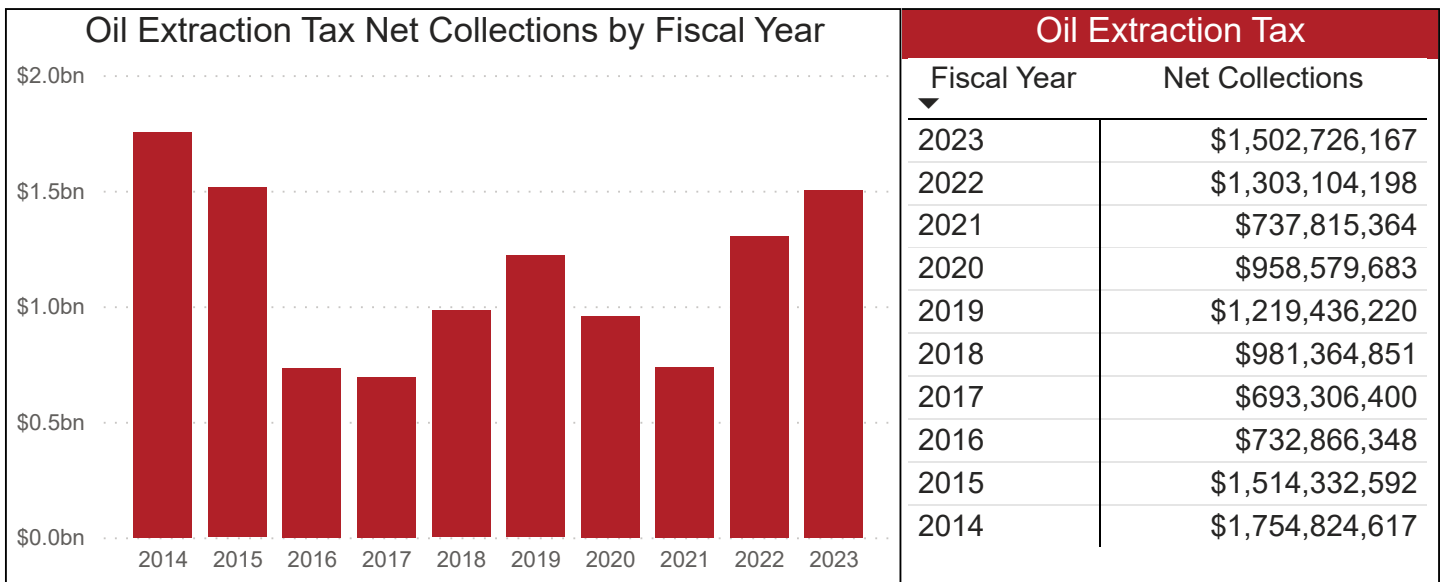
2021-2023 Biennium	2019-2021 Biennium	Biennium Difference
\$3.1bn	\$1.9bn	60.9%
Net Collections	Net Collections	Percentage Change



OIL EXTRACTION TAX

The oil extraction tax is a tax on the gross value of oil production at the well, less any part which is specifically exempt. The oil extraction tax trigger was in effect for the July through November months of Fiscal Year 2023 which caused an estimated revenue increase of over \$135 million. Revenues from the oil extraction tax are deposited into several funds, including the Legacy Fund, Common Schools Trust Fund, Foundation Aid Stabilization Fund, Southwest Water Pipeline Sinking Fund, Resources Trust Fund, and the State General Fund.

2021-2023 Biennium	2019-2021 Biennium	Biennium Difference
\$2.8bn	\$1.7bn	65.4%
Net Collections	Net Collections	Percentage Change





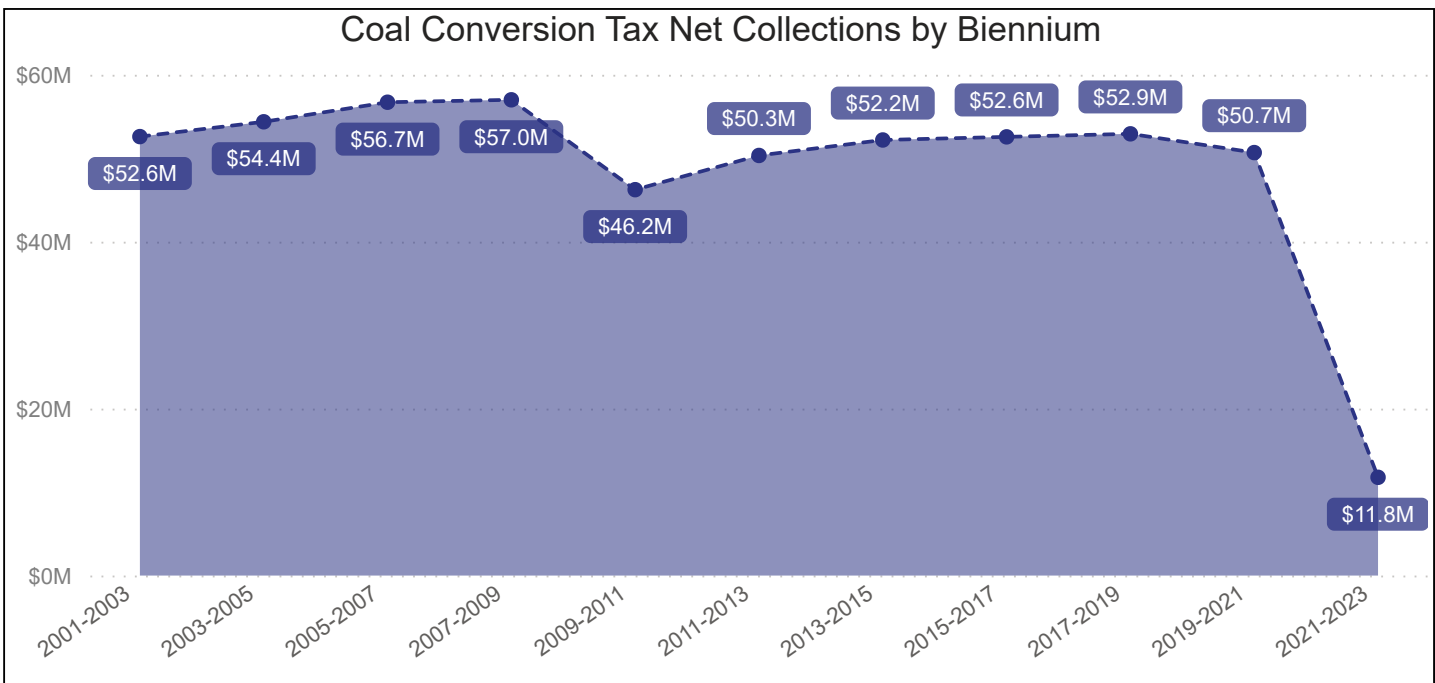
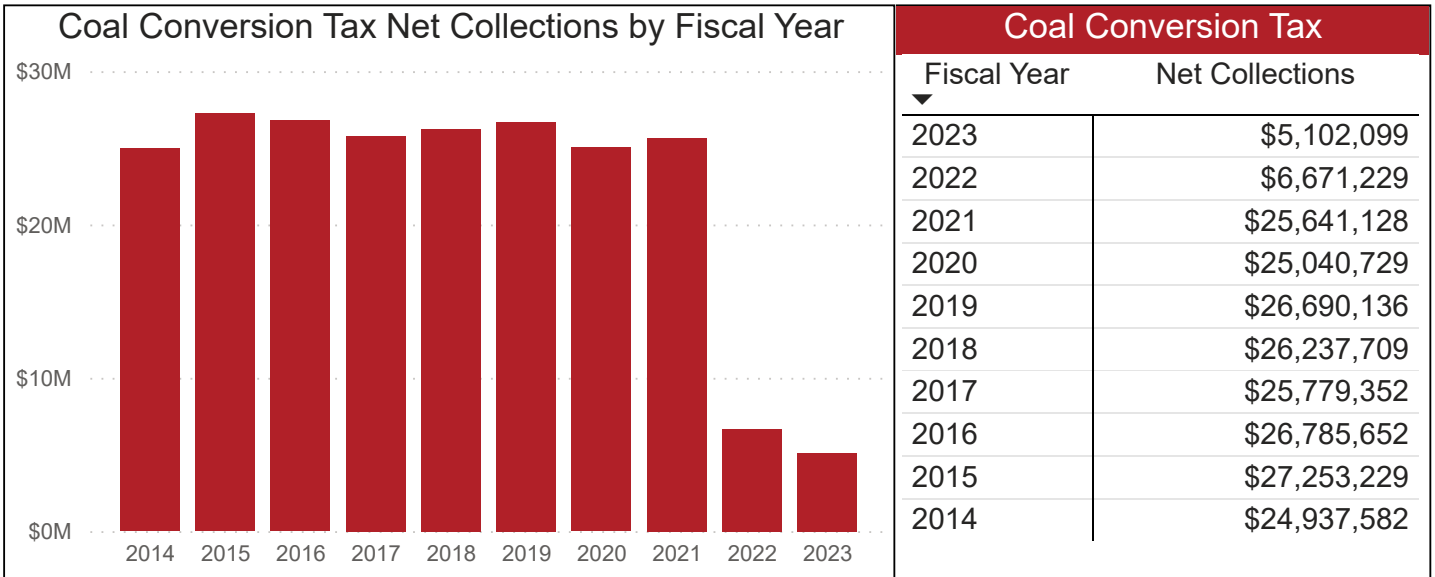
COAL CONVERSION & COAL SEVERANCE TAX

In this section, coal conversion and coal severance tax are highlighted.

COAL CONVERSION TAX

Facilities that process or convert coal are subject to the coal conversion facilities tax unless exempt by statute. Electrical generating plants that have a single generating unit with the capacity of 10,000 kilowatts or more are subject to the coal conversion facilities tax. The 2021 Legislature exempted electrical generating plants and coal conversion facilities from the 85% State General Fund tax beginning July 1, 2021, and ending June 30, 2026. Instead, the companies will pay a lignite research tax on 5% of the 85% State General Fund tax.

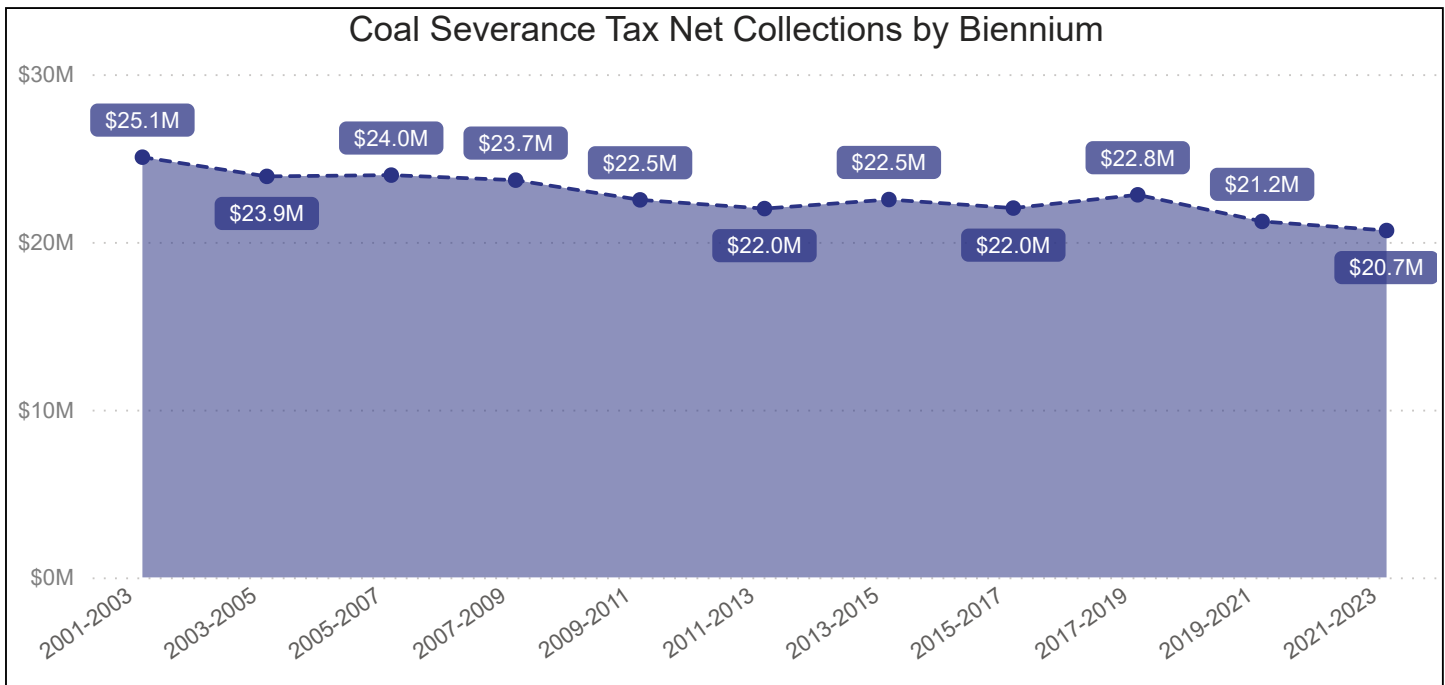
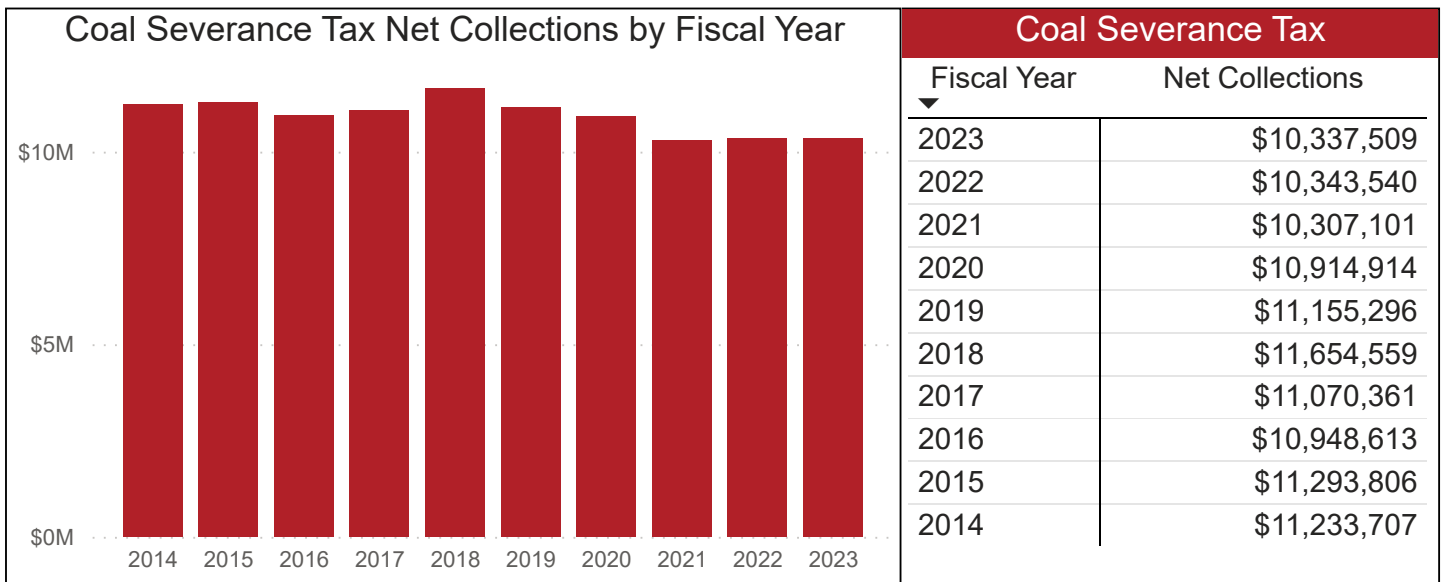
2021-2023 Biennium	2019-2021 Biennium	Biennium Difference
\$11.8M	\$50.7M	-76.8%
Net Collections	Net Collections	Percentage Change



COAL SEVERANCE TAX

The coal severance tax is applied to coal severed from the ground on a \$0.375 per ton basis. The 2021 Legislature approved HB 1412 which provides the county to grant an optional, partial, or complete exemption from up to 70% of the tax imposed. Any tax revenue exceeding 30% of the tax imposed under this subsection must be allocated to the county.

2021-2023 Biennium	2019-2021 Biennium	Biennium Difference
\$20.7M	\$21.2M	-2.5%
Net Collections	Net Collections	Percentage Change





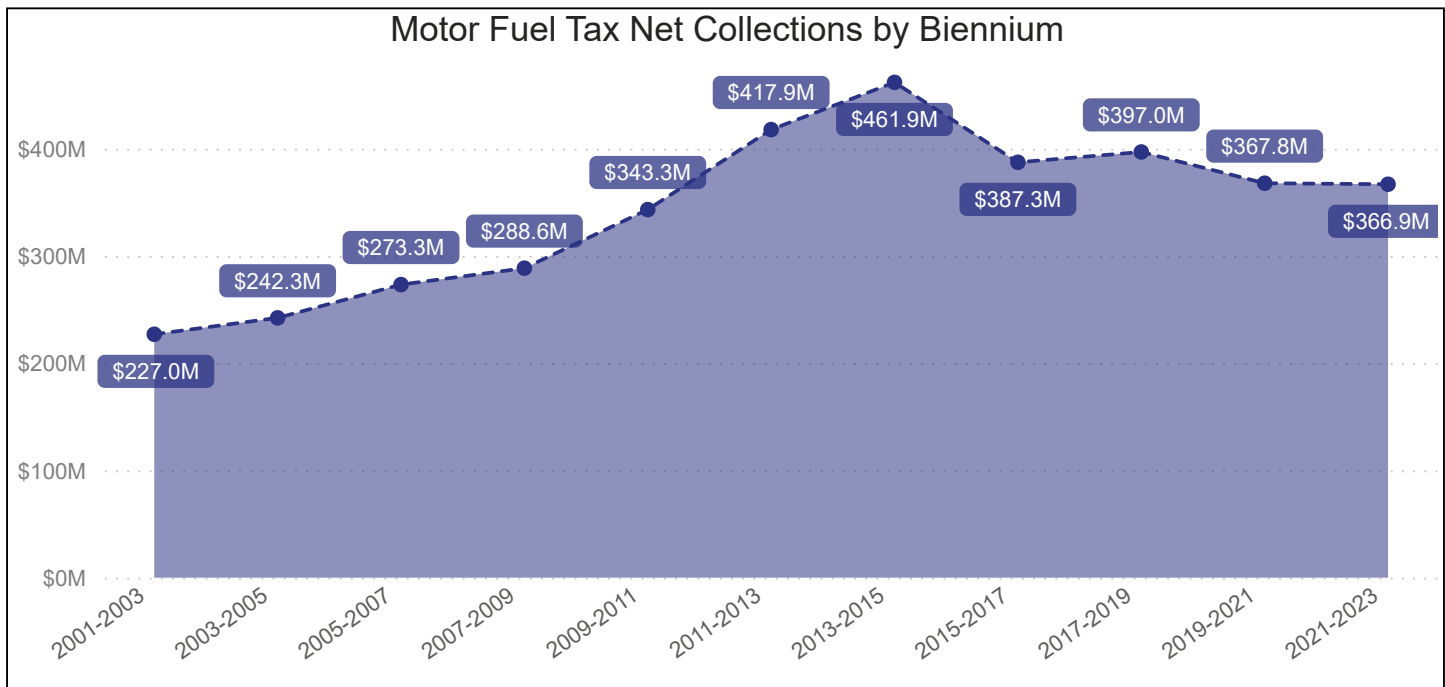
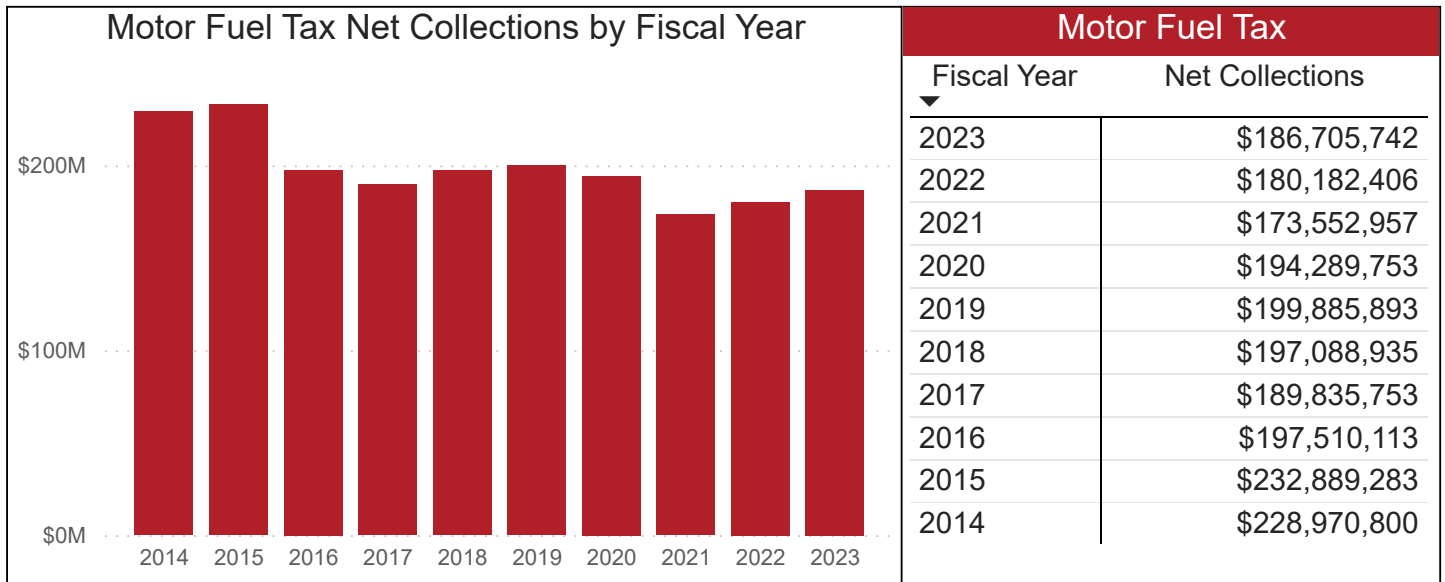
MOTOR FUEL TAXES

In this section, North Dakota's collections for aviation fuel tax, motor vehicle fuel tax, and special fuel tax are highlighted. Together, these three taxes make up the motor fuel taxes.

MOTOR FUEL TAX

The motor fuel taxes are made up of collections from aviation fuel, motor vehicle fuel and special fuel. Aviation fuel tax is a per gallon tax levied on all aviation fuel at \$0.08 per gallon. Motor vehicle fuel tax is a per gallon tax levied on all motor vehicle fuel (gasoline and gasohol) at \$0.23 per gallon. Special fuel taxes tax diesel fuels at \$0.23 per gallon, dyed fuel and kerosene at \$0.04 per gallon, and a tax of 2% is levied on propane.

2021-2023 Biennium	2019-2021 Biennium	Biennium Difference
\$366.9M	\$367.8M	-0.3%
Net Collections	Net Collections	Percentage Change





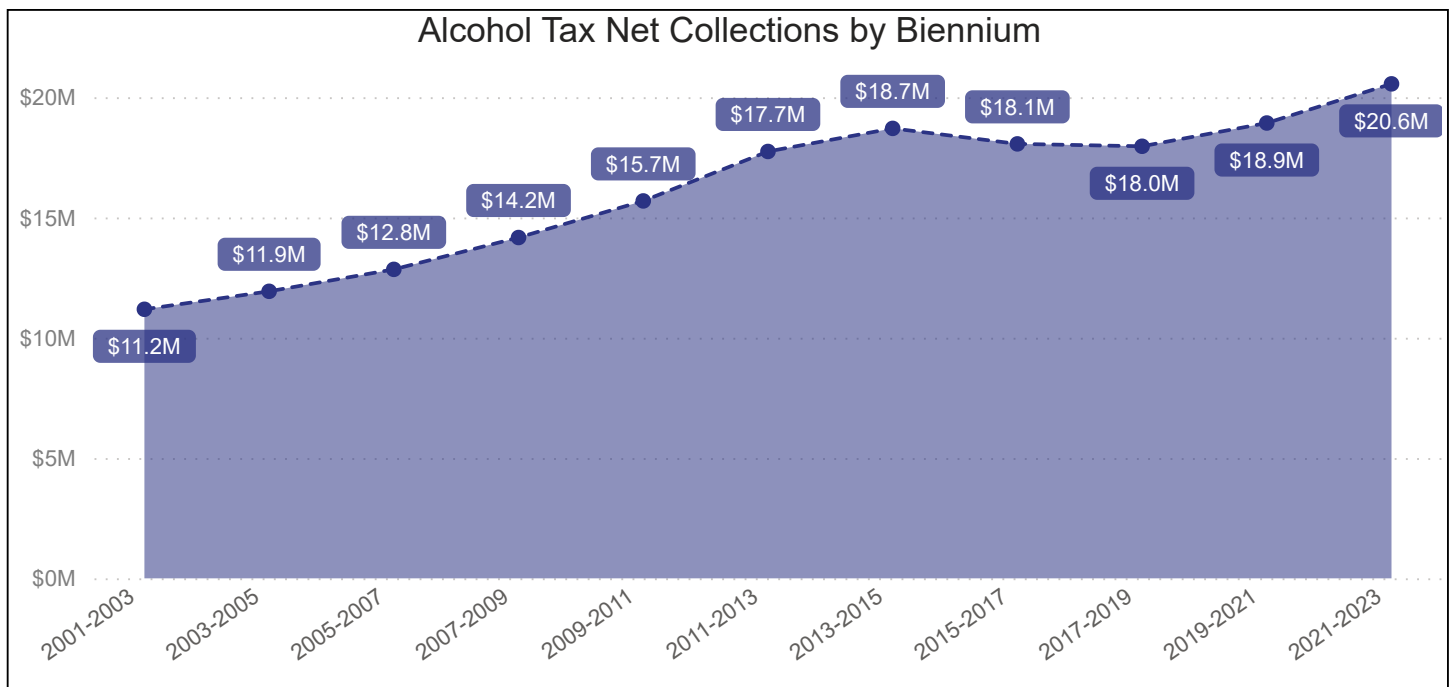
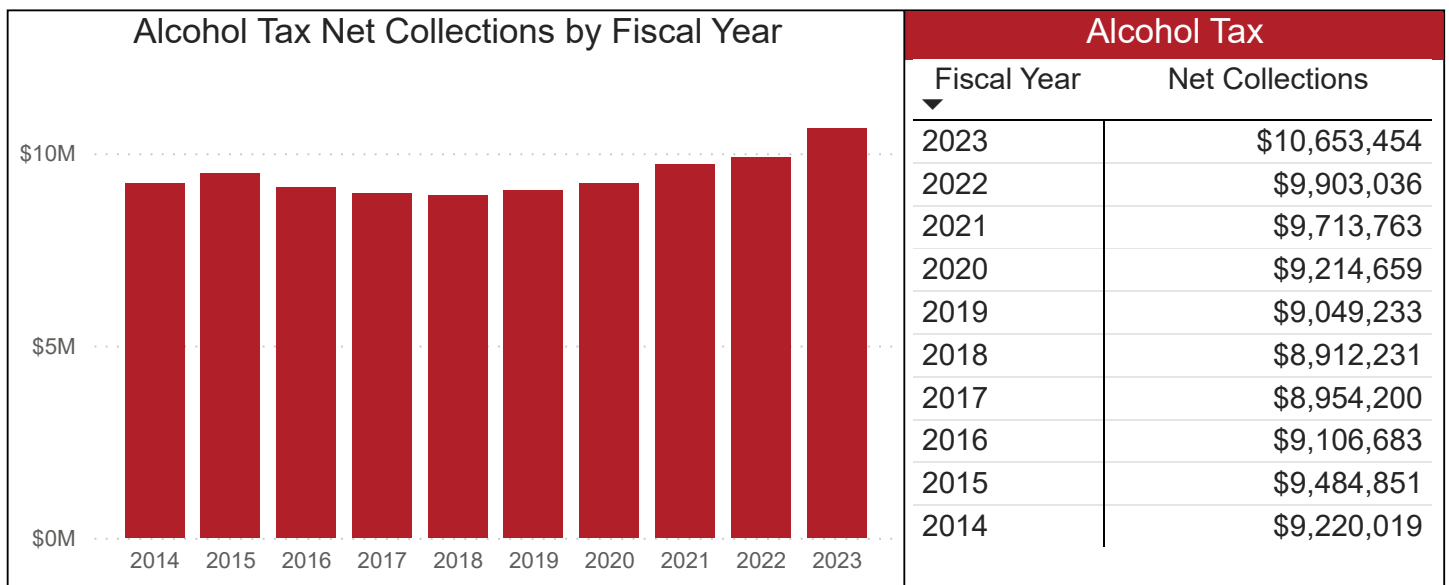
OTHER TAXES

In this section, North Dakota's net collections for alcohol tax, cigarette & tobacco products tax, and electric generation tax are highlighted.

ALCOHOL TAX

The alcohol tax, made up of tax collections on beer and liquor, is a privilege tax imposed on all alcoholic beverage wholesalers doing business in North Dakota. In addition, direct shippers, microbrew pubs, brewer taprooms, domestic wineries, and domestic distilleries pay the taxes on alcoholic beverages made by those facilities and sold directly to consumers. These tax revenues are deposited into the State General Fund.

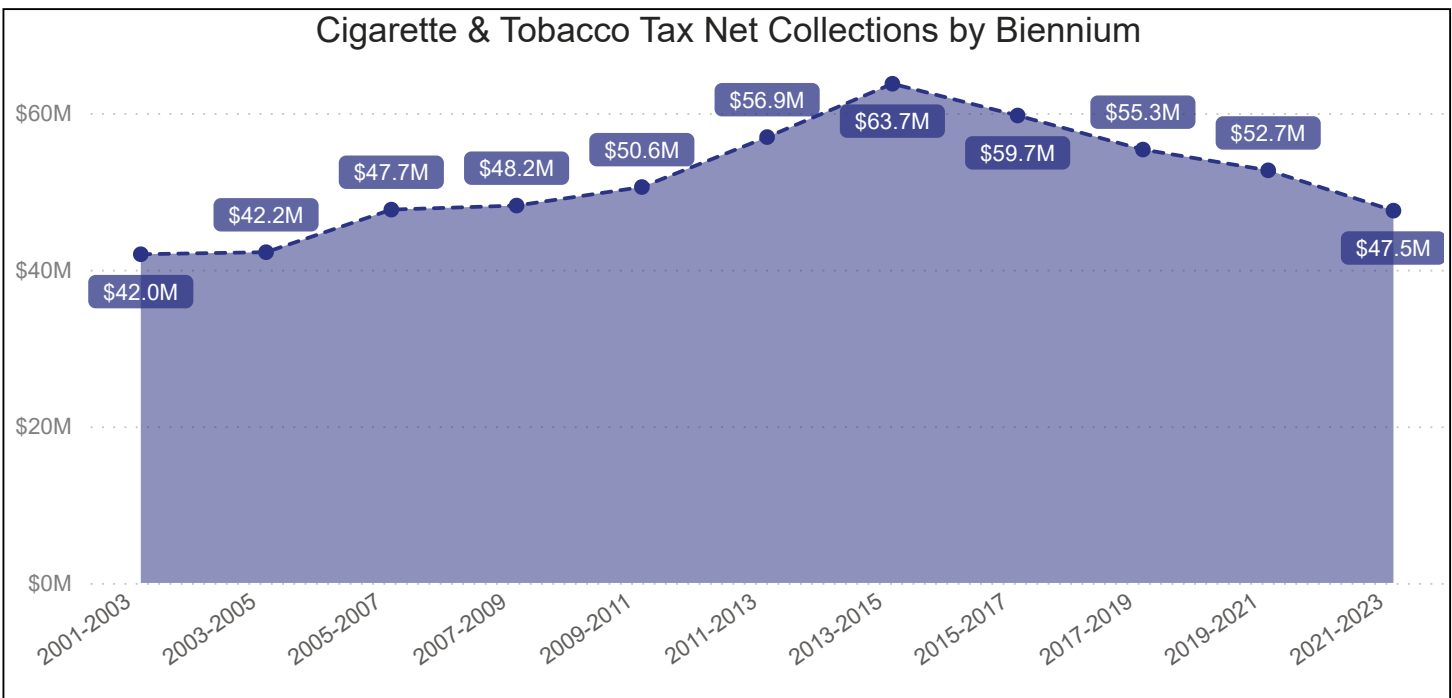
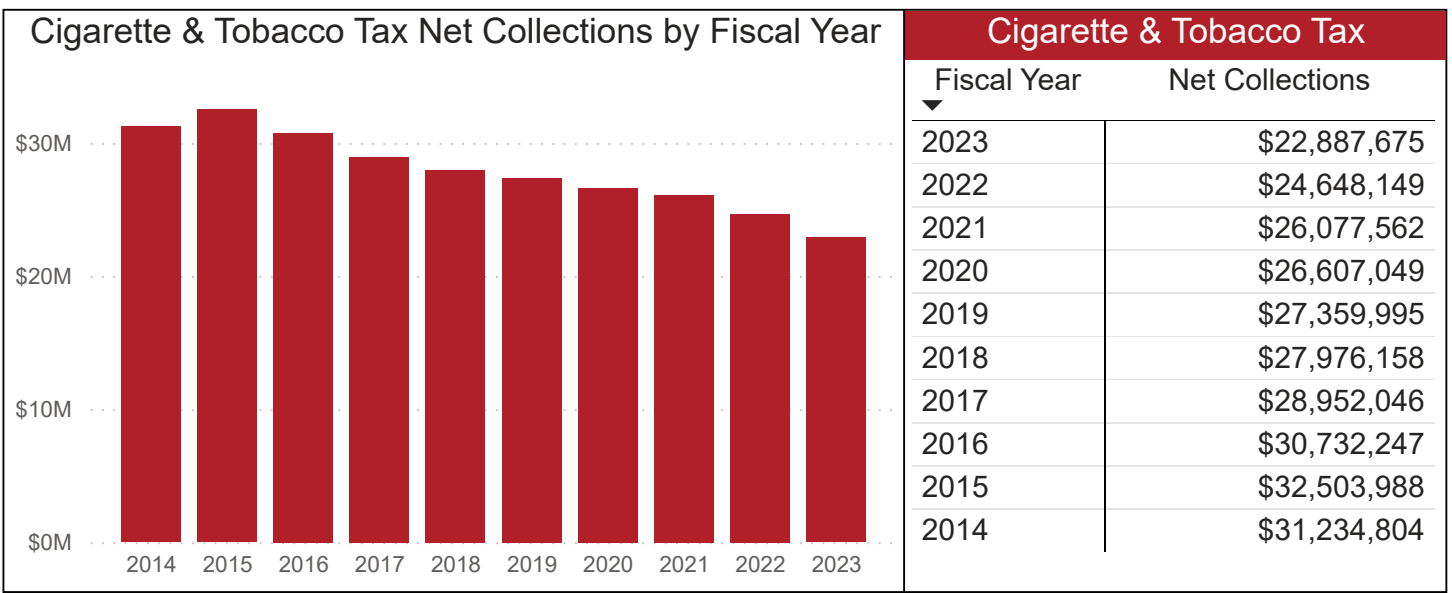
2021-2023 Biennium	2019-2021 Biennium	Biennium Difference
\$20.6M	\$18.9M	8.6%
Net Collections	Net Collections	Percentage Change



CIGARETTE & TOBACCO PRODUCTS TAX

The cigarette tax rate is \$0.44 per package of 20 cigarettes. Generally, the tobacco products tax is 28% of the wholesale purchase price. Some tobacco products are taxed based on weight. Cigarette & tobacco products tax revenues are deposited into the State General Fund and allocated to cities in North Dakota.

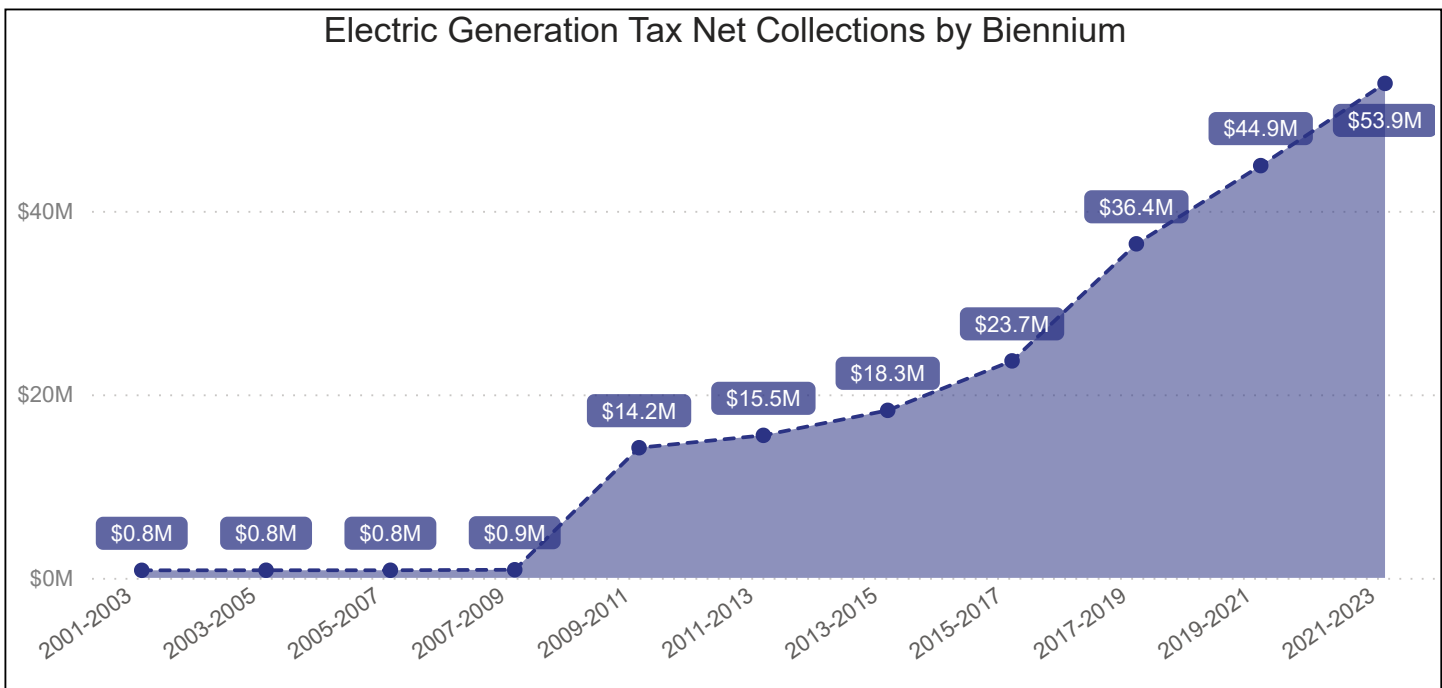
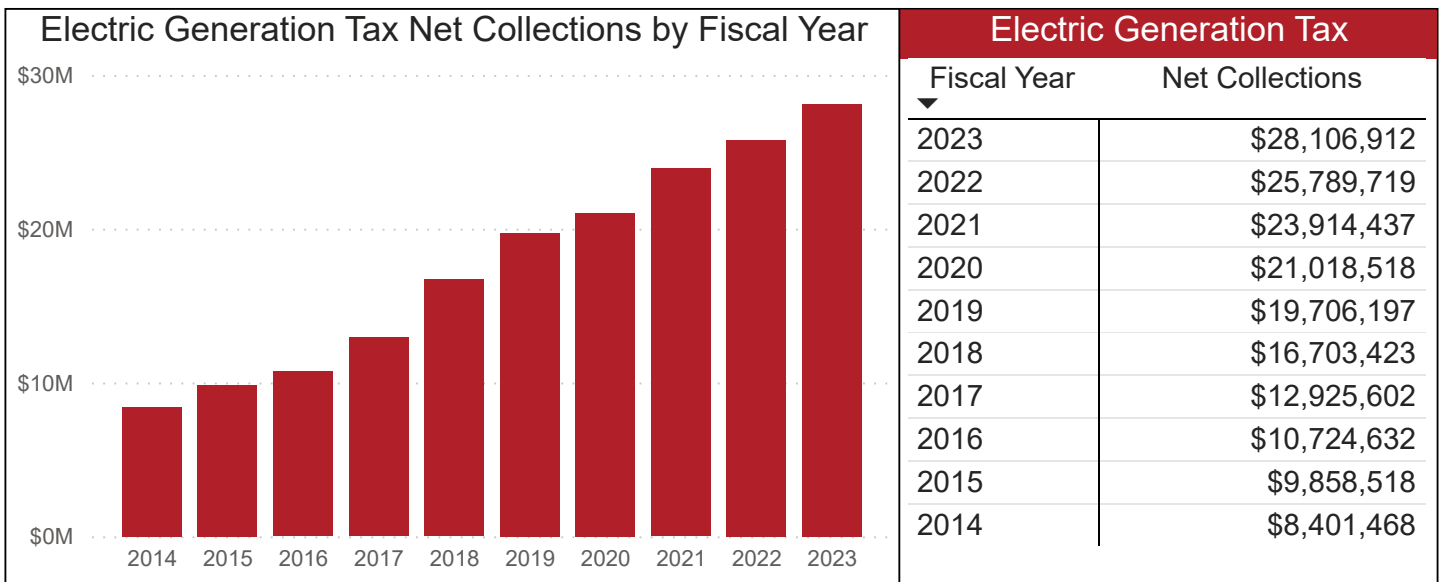
2021-2023 Biennium	2019-2021 Biennium	Biennium Difference
\$47.5M	\$52.7M	-9.8%
Net Collections	Net Collections	Percentage Change



ELECTRIC GENERATION TAX

All transmission lines of 100 kilowatts or more, on which construction is completed after December 31, 2014, or which is 20 years or more from the date of first assessment, is subject to taxes in lieu of property taxes. Electric generation tax revenues are deposited into the Electric Generation and Transmission Fund.

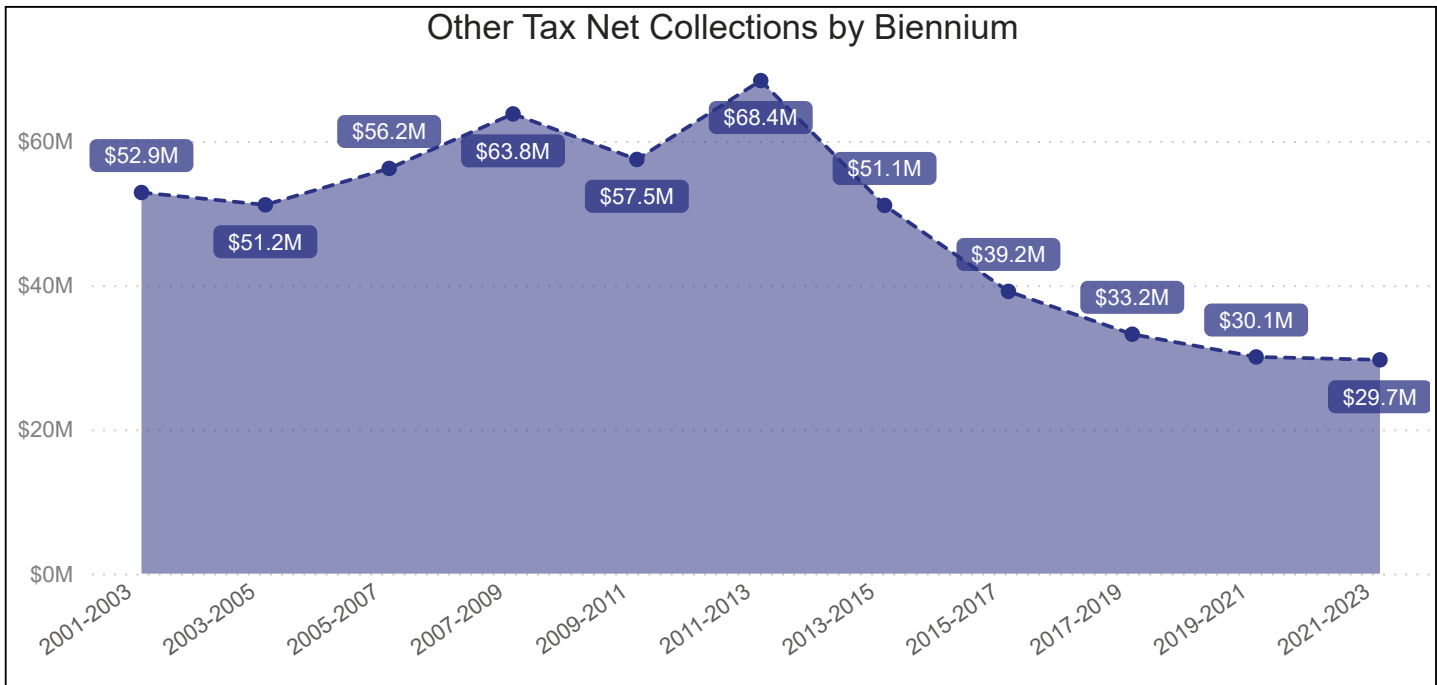
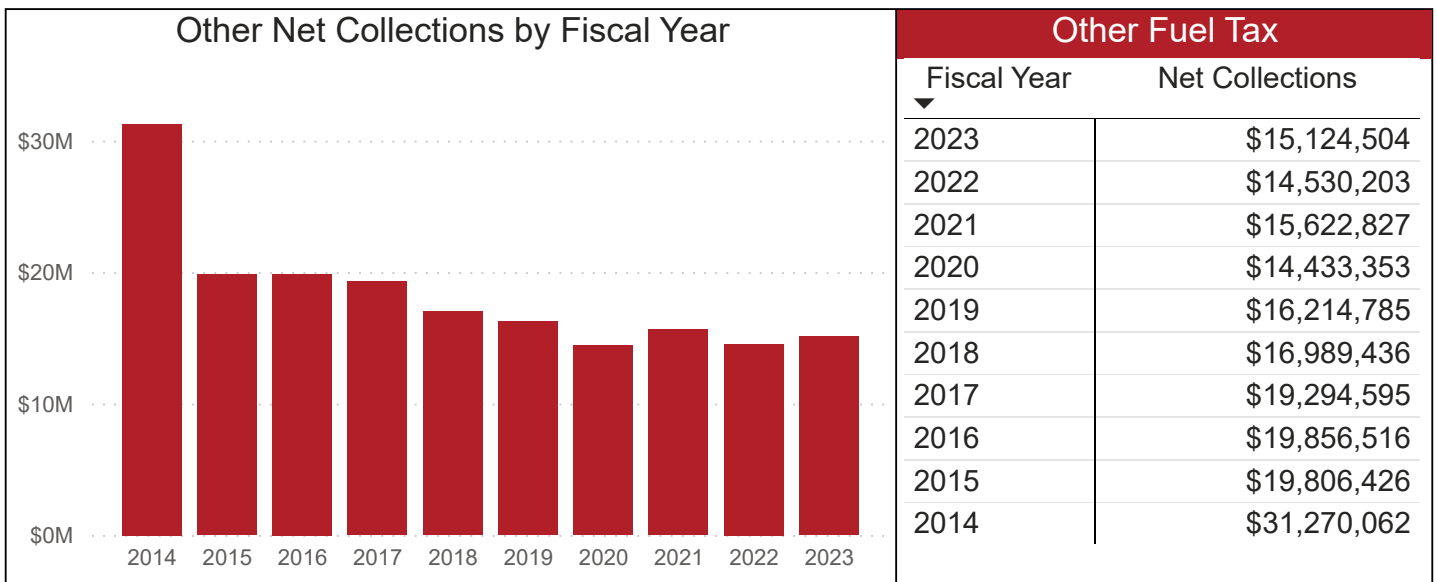
2021-2023 Biennium \$53.9M Net Collections	2019-2021 Biennium \$44.9M Net Collections	Biennium Difference 19.9% Percentage Change
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OTHER TAXES

This page includes the collections from the aircraft excise tax, motor vehicle excise tax (excluding DOT collections), music and composition tax, prepaid wireless 911 fee, provider assessment tax and telecommunications tax types.

2021-2023 Biennium	2019-2021 Biennium	Biennium Difference
\$29.7M	\$30.1M	-1.3%
Net Collections	Net Collections	Percentage Change





PROPERTY TAX

In this section, the Renter's Refund Credit, Homestead Property Tax Credit, and Disabled Veterans Property Tax Credit are highlighted. For additional property tax details, please see the Property Tax Power BI on the Office of State Tax Commissioner's website at www.tax.nd.gov/data.

RENTER'S REFUND PROPERTY TAX CREDIT & HOMESTEAD PROPERTY TAX CREDIT

Fiscal Year	Number of Persons Receiving Renter's Refunds	Renter's Refunds Paid	Number of Persons Receiving Homeowner's Credits	Homeowner's Credits Tax Amount
2014	2,680	\$724,635	6,740	\$4,905,351
2015	2,814	779,043	8,964	6,466,260
2016	2,749	772,099	8,659	6,112,599
2017	2,497	724,443	8,621	6,920,844
2018	2,844	788,913	9,075	7,141,146
2019	2,169	787,855	9,399	7,500,709
2020	2,565	757,872	9,316	7,629,207
2021	2,480	755,235	9,173	7,473,676
2022	2,351	723,622	8,892	7,477,911
2023	2,154	662,569	8,687	7,399,350

The North Dakota Legislature has provided a homestead property tax credit program since 1969. Persons 65 years of age or older, or totally and permanently disabled, who meet the requirements of the program are eligible to receive a credit to reduce property taxes on their home. Qualified renters receive a partial refund of their rent. Since 1977 the maximum income eligibility limit has been adjusted by the Legislature as follows: from \$8,000 to \$9,000 in 1979, to \$10,000 in 1981, to \$12,000 in 1985, to \$13,000 in 1989, to \$13,500 in 1995, to 14,000 in 1999, to \$14,500 in 2005, to \$17,500 in 2007, to \$26,000 in 2009, and to \$42,000 in 2013.

The 2015 Legislature increased the value of the homestead for purposes of the credit from \$100,000 to \$125,000 beginning with tax year 2016.

The credit for eligible homeowners is a reduction in the taxable value of the homestead as determined by the following schedule:

For Taxes Levied in 2021 and 2022 (Payable in 2022 and 2023)

Income of	Reduction	Maximum Reduction
\$0 - \$22,000	100%	\$5,625
\$22,001 - \$26,000	80%	\$4,500
\$26,001 - \$30,000	60%	\$3,375
\$30,001 - \$34,000	40%	\$2,250
\$34,001 - \$38,000	20%	\$1,125
\$38,001 - \$42,000	10%	\$563

Eligible renters receive a refund of a portion of rent deemed to represent property taxes when 20% of their total annual rent exceeds 4% of their total annual income. Charges for such services as heat, light, and furniture must be excluded when determining the annual rent payment for the purposes of the renter's refund. The maximum refund allowable to a renter was \$240 and was increased to \$400 in 2009.

DISABLED VETERANS PROPERTY TAX CREDIT

Fiscal Year	Number of Qualifying Disabled Veterans	Disabled Veterans' Credit Tax Amount
2014	2,661	\$2,754,964
2015	2,902	3,060,402
2016	3,111	3,544,430
2017	3,329	3,771,607
2018	3,571	4,083,489
2019	4,017	4,722,742
2020	4,375	5,231,637
2021	4,837	5,876,365
2022	5,087	7,200,084
2023	5,617	8,324,663

Prior to 2009, a property tax exemption existed for disabled veterans with at least 50% service-connected disability and limited income. The 2009 Legislature repealed that exemption and enacted N.D.C.C. § 57-02-08.8, which provides a credit for disabled veterans with at least 50% service-connected disability. The credit is equal to the veteran's compensation rating for service-connected disabilities, applied against the first \$6,750 dollars of taxable valuation of the homestead owned and occupied by the disabled veteran. There is no income test. An unremarried surviving spouse of an eligible disabled veteran is also eligible for the credit. The State reimburses counties for tax revenue lost by political subdivisions due to the credits.

The 2011 Legislature provided that a disabled veteran who has an extra-schedular rating to include individual unemployability that brings the veteran's total disability rating to 100% is also eligible for the credit. An unremarried surviving spouse who is receiving department of veterans' affairs dependency and indemnity compensation receives a 100% exemption.

The 2015 Legislature included land in the determination of the maximum credit available to disabled veterans or qualifying unremarried spouses.

The 2021 Legislature increased the limit applied to the dollars of taxable valuation of the homestead owned and occupied by the veteran from the first \$6,750 to the first \$8,100.

STATEMENT OF EXPENDITURES FOR THE 2021-2023 BIENNIUM

	Commissioner's Division	Legal Division	Fiscal Mgmt. Division	Tax Administration Division	Property & Utility Taxes Division	Info Mgmt & Tech Division	Disabled Veterans Credit	Homestead Tax Credit	Total
Salaries & Wages									
FY 22	\$981,636	\$604,905	\$588,286	\$6,339,591	\$500,778	\$1,018,283			\$10,033,479
FY 23	\$808,226	\$596,474	\$597,964	\$6,452,826	\$540,431	\$1,086,087			\$10,082,009
Information Services									
FY 22						\$573,302			\$573,302
FY 23						\$596,773			\$596,773
Operating Expenses									
FY 22	\$38,664	\$28,956	\$101,445	\$302,330	\$22,440	\$2,268,594			\$2,762,425
FY 23	\$54,428	\$96,684	\$172,025	\$199,171	\$27,093	\$3,196,802			\$3,746,204
Equipment									
FY 22									-
FY 23									-
Disabled Veterans Credit									
FY 22							\$7,173,660		\$7,173,660
FY 23							\$8,294,631		\$8,294,631
Homestead Tax Credit									
FY 22							\$8,254,869		\$8,254,869
FY 23							\$8,118,115		\$8,118,115
Total									
FY 22	\$1,020,300	\$633,858	\$689,731	\$6,641,922	\$523,218	\$3,286,877	\$7,173,660	\$8,254,869	\$28,224,433
FY 23	\$862,655	\$693,158	\$769,989	\$6,651,997	\$567,523	\$4,879,663	\$8,294,631	\$8,118,115	\$30,837,732
Biennium Total	\$1,882,954	\$1,327,016	\$1,459,720	\$13,293,919	\$1,090,741	\$8,166,540	\$15,468,291	\$16,372,984	\$59,062,165

ND Tax

NORTH DAKOTA

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