



Overview

by Cory Fong, Tax Commissioner

During the last biennium (2005-2007), the North Dakota economy was strong, enabling the 2007 Legislature to offer \$115 million in property tax relief. The relief is the result of a law passed by the 2007 Legislature and signed by Governor Hoeven. The relief is provided to homeowners, land owners, and commercial property owners.

What property is subject to property tax relief?

Three categories of property are eligible for property tax relief:

- Residential property
- Agricultural property
- Commercial property

How do I receive the property tax relief?

The method of providing the property tax relief is an income tax credit based on the property taxes that you paid for each category of property (listed in the previous question).

There are two property tax credits:

1. One for residential and agricultural property.
2. One for commercial property.

It is possible for a taxpayer to qualify for both credits. The credits are claimed on the 2007 and 2008 North Dakota income tax returns.

How much is the residential property tax credit?

On your 2007 income tax return, a credit equal to 10 percent of the residential property taxes shown on your 2006 real estate tax statement (or 2007 mobile home tax statement) is allowed. The amount of the credit is based on the property tax paid before any discount. Special assessments are not included when calculating the credit. The maximum credit allowed, based on your filing status, is:



1. \$500 if single, head of household, qualifying widow(er), or married filing separately; or
2. \$1,000 ... if you are married filing jointly.

On your 2008 income tax return, the credit is calculated in the same way as for 2007, but it is based on the residential property taxes shown on your 2007 real estate tax statement (or 2008 mobile home tax statement).

How much is the agricultural property tax credit?

The agricultural property tax credit is calculated in the same way as the residential property tax credit, except that it is based on your agricultural property located in North Dakota.

The combined amount of the residential property credit and agricultural property credit may not exceed \$500 per return (or \$1,000 per return, if married filing jointly).

How much is the commercial property tax credit?

The commercial property tax credit is calculated in the same way as the residential property tax credit, except that it is based on your commercial property located in North Dakota. The maximum credit allowed is \$500 per return (or \$1,000 per return, if married filing jointly). This credit is allowed in addition to the residential and agricultural property tax credits.

Residential Property Tax Relief

Who qualifies for the residential property tax relief?

To qualify for this credit, you must meet the following conditions:

1. Your primary home is located in North Dakota; and



2. You own residential property located in North Dakota.

Will I be getting a check from the State or from the County for my residential property tax relief?

You will not get a check from the State or the County. Instead, you will be allowed a credit on your State income tax return, which will reduce your income tax liability. A smaller income tax liability may mean a larger refund for you. Also, if your credit is more than your income tax liability in the first year, you may either:

1. Claim the unused credit on your following year's tax return, or
2. Request to receive a property tax relief certificate for the amount of the unused credit, which you can redeem at your county treasurer's office.

I own my home but I don't file state income tax. Am I eligible for residential property tax relief?

Yes. If you don't have to file an income tax return because your income is below the amount that requires you to file, you are eligible for residential property tax relief if:

1. Your primary home is located in North Dakota; and
2. You own residential property located in North Dakota.

By filing a special new form, called Form ND-3, you can obtain your property tax relief in the form of a property tax relief certificate. You can redeem this certificate at your county treasurer's office. The amount of the relief is equal to the residential property tax credit (as described earlier in this brochure).



I rent my home and I don't own property subject to property tax. Am I eligible for an income tax credit?

No, you are not eligible.

I rent my home and I own property that is subject to property tax. Am I eligible for an income tax credit?

Yes, if your rented home is your primary home and it is located in North Dakota. Also, the property subject to property tax must be residential or agricultural property located in North Dakota.

I own a mobile home. Are mobile home taxes eligible for the income tax credits?

Yes. The 2007 and 2008 mobile home taxes are eligible for the residential property tax credit if the mobile home is located in North Dakota and is classified as residential property.

Agricultural Property Tax Relief

Who qualifies for agricultural property tax relief?

To qualify for this credit you must meet the following conditions:

1. Your primary home is located in North Dakota; and
2. You own agricultural property located in North Dakota.

I own agricultural property but I don't need to file state income tax. Am I eligible for property tax relief?

Yes. If you don't have to file an income tax return because your income is below the amount that requires you to file, you are eligible for property tax relief if:



1. Your primary home is located in North Dakota; and
2. You own agricultural property located in North Dakota.

By filing a special new form, called Form ND-3, you can obtain your property tax relief in the form of a property tax relief certificate. You can redeem this certificate at your county treasurer's office. The amount of the relief is equal to the residential property tax credit (as described earlier in this brochure).

Commercial Property Tax Relief

Who qualifies for commercial property tax relief?

To qualify for this credit, you must meet the following conditions:

1. You must have a requirement to file a North Dakota income tax return; and
2. You own commercial property located in North Dakota.

I own commercial property in North Dakota but I don't file state income tax, am I eligible for property tax relief?

No.

For More Information

**OFFICE OF STATE TAX COMMISSIONER
Cory Fong, Tax Commissioner
600 E. Boulevard Ave. Dept. 127
Bismarck ND 58505-0599**

www.nd.gov/tax/property/taxrelief

E-mail: propertytaxrelief@nd.gov

Phone: 701.328.2770

North Dakota **Property Tax Relief**

Income Tax Credit for Individual Taxpayers

