



# **HB 1176 & SB 2012 IMPACTS FOR TOWNSHIPS**

NDTOA Annual Meeting  
Bismarck, North Dakota  
December 8, 2025

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# HB 1176: PROPERTY TAX RELIEF & CAPS FOR LOCAL GOVERNMENT

## RELIEF:

- \$1600 tax credit for Primary Residences (PRC)
- \$403 million / biennium – uses Legacy Fund Earnings
- Effective Immediately for 2025 tax year
- PRC cannot:
  - Reduce Liability for special assessments
  - Exceed the amount due on primary residence
- Increases Renter Refund to \$600
- Increases Disabled Veteran's Credit
- No Expansion of Homestead Tax Credit over current eligibility
- Applied after other Credits



# HB 1176: PROPERTY TAX RELIEF & CAPS FOR LOCAL GOVERNMENT

## LIMITATIONS:

- **Effective for 2025**
- **CAPS Local Government at 3% growth in dollars levied**
  - Can not exceed: greater of either - base year levy increase by 3% or adjusted year levy increase
- Political Subdivisions can **carry over unused percentage** one time within 5 years
- Counties, Cities & Schools allowed to **vote to exceed 3% cap** in General Election
  - Vote good for 4 years, indicate the percentage increase & proposed dollar amount increase (majority vote)
- **If ZERO mill authority** - allowed to exceed 3% CAP if levy has not previously been used
- **CAP does not apply to:**
  - Taxes levied to pay the principal & interest on obligations
  - Taxes levied to pay bonds, obligations or evidences of indebtedness issued by BND from infrastructure revolving loan fund
  - Emergency Fund levies
  - Taxes levied to pay special assessments; taxes levied for water resource districts
  - **New or increased levy authority approved by the electors of the taxing district**

# HB 1176: Property Tax Relief & Caps for Local Government

## ADMINISTRATION:

- Creates new property classification for primary residential property (2026)
- **Assessment Notices** to all property owners (2026)
  - Includes: current & prior year true & full value
  - Date, time, location for local Board of Equalization meeting
- **Estimated Tax Notices Eliminated** (2025)

# HB 1176: Property Tax Relief & Caps for Local Government

## ADMINISTRATION (cont.)

- **Budget Hearing Notices** - replaced estimated tax notices (2025)
  - Includes: date, time, location of public budget hearing for each of the taxing districts & where each taxing district's budget is available for review
  - Budget hearing to be held no earlier than September 7
  - Political subs to provide date, time and location of budget hearing to county auditor by August 10<sup>th</sup>
    - Failure for taxing district to provide budget hearing information to county auditor by August 10 freezes levy at previous year's amount
  - Mailed by county auditor on or before August 31

**Issue:** Township electors approve budgets at their annual meeting in March. Levy is certified to county auditor within 10 days of meeting (NDCC 57-15-32). HB 1176 requires all taxing districts to hold another budget hearing in the fall and provide the information about the hearing to the auditor by August 10 or are frozen at the prior year's levy amount.



# TOWNSHIPS & THE 3% CAP – VOTER APPROVAL

- **NDCC 58-04-01:** Electors of each township shall meet annually in month of March.
- **NDCC 57-15-19:** **Electors vote on budget at annual meeting.** Township supervisors levy annual taxes fourth Tuesday in March or within ten days after each year.
- **NDCC 57-15-20:** Townships can levy up to 18 mills for General Fund purposes.
  - Additional 18 mills **with voter approval** (effective for 5 taxable years).
- **OPT OUT VOTE:** HB 1176 allows township electors to approve a levy exceeding the 3% cap for up to four taxable years.
  - **Must be voted on at the annual meeting.**
  - Electors must be notified of the proposed percentage increase and dollar amount before the vote.

**HB 1176: New or increased levy authority approved by the electors of the taxing district are exempt from the cap.**

# SB 2012: INFRASTRUCTURE FUNDING PRAIRIE DOG & FLEXIBLE TRANSPORTATION FUND

## NEW ELIGIBILITY REQUIREMENTS

- **ORGANIZED TOWNSHIPS**
  - **MUST** levy at least 18 mills General Fund
  - **MUST** have a General Fund balance of less than \$100,000 as of December 31
- **Failure to meet BOTH eligibility requirements will deem a township ineligible for funding in 2026.**
  - Townships whose mill rate is below 18.00 will not be eligible.
  - Townships who do not provide their ending fund balance to the county auditor will not be eligible.

# SB 2012: INFRASTRUCTURE FUNDING PRAIRIE DOG & FLEXIBLE TRANSPORTATION FUND

## NEW ELIGIBILITY REQUIREMENTS (cont.)

- **Mill Levies** will be obtained by State Treasurer's Office from State Tax Department's Taxpayer Access Point (TAP)
  - Levies are uploaded in TAP by County Auditors in December
- **General Fund Balances**
  - Collected from townships by County Auditors
  - Certificate signed by County Commission Chair
  - Certified to State Treasurer by March 13, 2026
- **Failure to meet BOTH eligibility requirements will deem a township ineligible for funding in 2026.**



# SB 2012: INFRASTRUCTURE FUNDING PRAIRIE DOG

## COUNTY & TOWNSHIP INFRASTRUCTURE FUND (PRAIRIE DOG)

- **Bucket reduced from \$115M to \$80M:**
  - \$40M Direct Distributions, \$40M Grants through NDDOT
  - 13% of \$40M direct distributions allocated to non-oil townships (\$5.2M)
  - Bucket moved up to ensure it is more likely to fill
- **Non-oil producing county definition:**
  - County receiving less than \$5 Million in Oil & Gas tax distributions in most recent even-numbered fiscal year before the start of the biennium.
- **Distribution based on township road miles (and eligibility requirements):**
  - Levy at least 18 mills and less than \$100,000 General Fund balance on Dec 31
- **Funds can be used for:**
  - Road and bridge maintenance and other infrastructure projects associated with the construction of new unpaved and paved road and bridge infrastructure or associated with the maintenance, repair, or replacement of existing unpaved and paved road and bridge infrastructure.

# SB 2012: INFRASTRUCTURE FUNDING FLEXIBLE TRANSPORTATION FUND

## FLEXIBLE TRANSPORTATION FUND

- **Non-oil townships eligible for both direct formula distributions and discretionary grants beginning in 2026**
  - **Direct formula distributions:** \$20.7M/biennium
    - Based on Highway Tax Distribution formula
  - **Grants distributed through NDDOT:** \$31M/biennium
    - Priority given to projects that match federal or private funds or improve local corridor roadways
- **Non-oil producing county definition:**
  - County averaging less than 10 million barrels average annual oil production in 3-year period
- **Eligibility requirements:**
  - Levy at least 18 mills and have less than \$100,000 General Fund balance on Dec 31
- **Funds can be used for:** Road, bridge and other infrastructure projects.

# SPECIAL ROAD FUND

- **NDCC 57-15-19.2**
  - **Township Supervisors may transfer or set aside part or all of any funds into Special Road Fund.**
    - By resolution at annual meeting
    - May not exceed \$500,000
    - May be used for road construction, graveling, snow removal or surfacing
  - **Special Road Fund may not be considered in determining budget.**
  - **May use Special Road Fund to bring General Fund balance below \$100,000.**

# QUESTIONS??



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