

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1638
Version: As introduced

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Authors: Lien and others

Subject: Property taxation; adjusting the rate of the disparity reduction credit

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The disparity reduction credit reduces taxes on commercial-industrial property and apartments in four cities on the North Dakota border: Moorhead, Dilworth, East Grand Forks and Breckenridge. Under current law, the credit is the amount necessary to bring the tax down to an effective rate of 2.3%. H.F. 1638 modifies the disparity reduction credit so that the target effective tax rate is tied to the rate in the corresponding border city in North Dakota. The rate would be adjusted each year for each city based on the information from North Dakota. H.F. 1638 also extends the credit to cover class 4d (low-income housing), although the class rate for class 4d is so low that it would generally not qualify for the credit anyway.