

# Property Tax Newsletter

## News and developments

*A publication of the Property Tax Section*

*Rick Clayburgh  
Tax Commissioner*

### Park Model Trailer or Mobile Home?

Assessment officials are responsible for determining what property is subject to taxation. Mobile homes are subject to taxation according to North Dakota Century Code (N.D.C.C.)

North Dakota Century Code (N.D.C.C.) § 57-55-01 defines a mobile home as follows:

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“...a structure, either single or multisectional, which is built on a permanent chassis, ordinarily designed for human living quarters, either on a temporary or permanent basis, owned or used as a residence or place of business of the owner or occupant, which is either attached to utility services or is twenty-seven feet or more in length.”

A park model trailer may qualify for exemption from the mobile home tax. A park model trailer is defined in N.D.C.C. § 57-55-10(2)(a)(2) as:

“...a recreational vehicle not exceeding forty feet in length which is primarily designed to provide temporary living quarters for recreation, camping, or seasonal uses, is built on a single chassis, is mounted on wheels, has a gross trailer

area not exceeding four hundred square feet of enclosed living space in the setup mode, and is certified by the manufacturer as complying with American national standards institute standard A119.5.”

Park model trailers are typically used for seasonal or recreational living quarters, not as primary residences. To qualify for exemption from the mobile home tax, park model trailers must be located in a trailer park or campground. The owner pays an annual park model trailer fee to the Department of Transportation as required under N.D.C.C. § 39-18-03.2. Park model trailers located anyplace other than a trailer park or campground are subject to taxation as mobile homes. Owners of park model trailers do not have an option as to how the trailer will be taxed. The trailers are either mobile homes and taxed according to the provisions of N.D.C.C. ch. 57-55 or park model trailers situated in trailer courts or campgrounds and subject to the park model trailer fee according to N.D.C.C. § 39-18-03.2. Park model trailer owners should provide assessment officials evidence of payment of the park model trailer fee and the rental fee in a trailer park or campground.

Tax directors should review the mobile homes and park model trailers in their counties to verify proper classification and taxation. 

### Equalization of Values

County directors of tax equalization and class I city assessors received the final printout of 2002 sales and assessments. Following that they received an adjustment worksheet from the Office of State Tax Commissioner containing calculations that reflect 2002 sales and 2002-2003 values of residential and commercial property.

Assessment officials are encouraged to review the sales ratio statistics—median ratio, coefficient of dispersion (COD) and price-related differential (PRD)—of not only residential, commercial and agricultural property but also vacant land and lakeshore property. These statistics indicate accurate, equalized assessments and assessments that are not equitable. Use the information to determine where changes are necessary.



Office of  
State Tax Commissioner  
600 E Blvd Ave, Dept 127  
Bismarck ND 58505-0599  
701.328.3143  
ndtaxdepartment.com  
taxinfo@state.nd.us  
www.discovernd.com

***"Proration of assessments is allowed only when there is a change in ownership from taxable to exempt status or vice versa."***

The Office of State Tax Commissioner provides the State Board of Equalization (State Board), with statistics pertaining to assessments of agricultural, residential, and commercial property. According to the statistics, most agricultural, residential, and commercial assessments in North Dakota counties and major cities are within the allowed tolerance level. The Property Tax Division will provide the State Board of Equalization with sales ratio statistics for vacant land and lakeshore property in addition to recommended changes for agricultural, residential, and commercial property. Sales ratio statistics for lakeshore property and vacant land generally indicate inequities and a need for reappraisal.

Assessment officials should use the information from the Sales Ratio Study to evaluate the need for improvement in assessments. Assessors and boards of equalization should review the median ratio, coefficient of dispersion and price-related differential for residential, lakeshore, vacant land, and commercial property, to determine where improvement is needed and plan for changes in next year's assessments. 

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## **Proration of Assessments**

North Dakota Century Code § 57-02-41 allows for proration of assessments whenever real property ownership changes from a taxable status to a nontaxable status or vice versa.

If taxable real property is acquired after the assessment date by an owner who qualifies for property tax exemption, taxes on the property for the portion of year it was not exempt become a personal charge against the seller of the property. The county treasurer collects the tax from the seller for the portion of the year in which the property was taxable.

If exempt real property is acquired after the assessment date by an owner who is subject to taxation, the property must be assessed as omitted property for the portion of year that the property is not exempt. The county auditor follows the provisions of N.D.C.C. §§ 57-14-01 through 57-14-07 to add the omitted assessment.

Proration of assessments is allowed only when there is a change in ownership from taxable to exempt status or vice versa. It is not allowed for mobile home assessments because mobile homes are not considered real property nor is it allowed when there is a change in use of property.

Situations in which proration is appropriate include:

- Church transfers ownership of residence to the minister
- Blind person sells own residence to an individual who is not blind
- Railroad lease terminates during the year
- Individual sells property to the State of North Dakota

If you have questions regarding proration of assessments, please contact the Property Tax Division. 

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## **Use of Applications for Property Tax Exemption**

Assessors must consider all real property in the state of North Dakota as taxable unless specifically exempted by law (N.D.C.C. § 57-02-03).

To claim exemption from property taxation, owners of property in incorporated cities must file an annual Application for Property Tax Exemption with the assessor (N.D.C.C. § 57-02-14.1). If the owner does not file an annual application for property tax exemption, the assessor must assess the property. This provision does not apply to property owned by the United States, State of North Dakota or any of its political subdivisions. The annual assessment list for any incorporated city must include an application for exemption for every parcel listed as exempt from taxation unless the property is owned by the government.

Examples of owners subject to filing annual applications for exemption include but are not limited to the following:

- Churches
- Nonprofit/charitable organizations
- Blind persons
- Veterans
- Fraternal organizations

The Office of State Tax Commissioner also recommends annual use of the Application for Property Tax Exemption of a Farm Residence.

Property owners have the responsibility to provide evidence to support their claim for property tax exemption. The best way to do that is by application for exemption. Assessors and boards of equalization must determine whether the owner or the property qualifies for the exemption claimed. If the owner or property doesn't qualify, the property must be assessed for the year. 

***"Property owners have the responsibility to provide evidence to support their claim for property tax exemption."***

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## Educational Opportunities

The following courses are available to assessment personnel through 2005.

September 8-12, 2003	102	Principles & Theory of Value
October 13-17, 2003	IAAO 300	Fundamentals of Mass Appraisal
May 10-14, 2004	203-B	Commercial Cost Approach
November 15-19, 2004	101	Tax Administration
May 9-13, 2005	202	Agricultural Land Valuation
November 14-18, 2005	303	Teaching Appraisal Techniques

All of these courses will be held in Bismarck, North Dakota, at the Comfort Inn. 

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## Mailing Lists Available

The Office of State Tax Commissioner has telephone, fax, postal and e-mail listings for the following officials: county directors of tax equalization, class I city assessors, county auditors, treasurers, recorders, and boards of county commissioners. Anyone may request a copy by contacting Judy Brosz by telephone at (701) 328-3143 or by e-mail at [jbrosz@state.nd.us](mailto:jbrosz@state.nd.us).

To keep lists current, please notify the Office of State Tax Commissioner of any change. 

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## Certification Committee Meeting

The Certification Committee mandated by N.D.C.C. § 11-10.1-01(1) met with the State Supervisor of Assessments Marcy Dickerson and Property Tax Specialist LuElla Dahme on June 26, 2003 at the Stutsman County Courthouse, Jamestown, North Dakota. Topics discussed included the Statewide Certification Test for Township and Class II City Assessors; the Supervised Home Study Manual; the Annual Assessor Seminar; Uniform Standards of Professional Practice (USPAP); courses for certification; and requirements for maintaining certification. The Board voted to require individuals working toward certification to attend, not challenge, courses; and to require 40 hours of continuing education credit within every three-year period for maintaining certification as director of tax equalization or class I city assessor. These provisions will become effective for the year following successful amendment of the North Dakota Administrative Code.

The Certification Committee is comprised of representatives of the county commissioners, city governing bodies, state township officers' association, and personnel at North Dakota State University. 

**OFFICE OF STATE TAX COMMISSIONER**

600 E. Boulevard Ave. Dept. 127

Bismarck, ND 58502-0599

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## Contact Us

If you have additional questions about property tax requirements, please contact:

	<i>Phone</i>	<i>E-mail</i>
<i>LuElla Dahme, Property Tax Specialist .....</i>	<i>701-328-3143 .....</i>	<i>ldahme@state.nd.us</i>
<i>Speech or hearing impaired Call Relay ND .....</i>	<i>800-366-6888</i>	
<i>Fax .....</i>	<i>701-328-3700</i>	

## Electronic Newsletter

This newsletter is available free of charge on our Web site at [www.ndtaxdepartment.com](http://www.ndtaxdepartment.com) or in hard copy. We offer an e-mail notification service to subscribers as soon as a new issue is placed on our Web site. To join the e-mail service, simply visit our Web site and click on "Newsletter Subscription" located in the top blue bar at the right side of our home page.



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www.discovernd.com