



Property Tax Newsletter

News and developments

A publication of the Property Tax Division

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Tax Commissioner

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2011 Legislative Session Begins

The 62nd Legislative Assembly will convene in regular session Tuesday, January 4, 2011. The capitol will be filled with legislators, lobbyists, government officials, employees, and other interested persons - all concerned with legislation that will or will not meet their needs.

It is important to participate in the legislative process. One can do that by following the bills pertaining to property taxation. The North Dakota Legislative Council is the central office for the legislative session and is a source of information. The Office of State Tax Commissioner tracks legislation pertaining to all tax types and will notify assessment officials of important issues. The newspapers publish information regarding hearing schedules. Organizations such as the North Dakota Association of Counties, North Dakota League of Cities, North Dakota Township Officers Association and the North Dakota Association of Assessing Officers follow issues pertaining to their interests.

For property tax issues that you and your governing board consider worthy of new legislation, please contact your local legislative representatives or personnel in the Property Tax Division. As concerned citizens, it is important to voice your opinions to your area legislators and those who are on the Finance and Taxation Committee or other legislative committees. As governmental officials, it is important to provide information that affects the application of the proposed legislation. Anyone can testify at the committee hearings. It is important to provide accurate information and make positive suggestions to the committees.

Information regarding bill status and legislative hearings for the 2011 Legislature is available on the Web site for the ND Legislative Council. Go to www.legis.nd.gov. Individuals who have concerns regarding proposed property tax legislation may also contact the Property Tax Division of the Office of State Tax Commissioner. 

Inside this issue:

- 2011 Legislative Session Begins..... 1
- 2011 Assessment Cycle Begins 1
- Application of Exemptions and Credits to Property Assessments 2
- Computerized Assessment Forms Available in 2011 3
- Authorization to Change Assessments and Legal Descriptions on Assessment List 3
- Supervised Home Study Manual Updated 4
- Education Calendar 4

2011 Assessment Cycle Begins

February 1 is the assessment date for real property. It is the date on which assessors must account for and determine the value of all taxable real property within their jurisdictions.

A lot of work has or should have taken place already for the 2011 assessment cycle. North Dakota Century Code § 57-02-34 provides in pertinent part that assessors must perform the duties required of the office during the 12-month period prior to April first each year. That means that assessors need to inspect properties, examine sales, income and expense information, determine the true and full values of all the properties within their jurisdictions and make sure property values are equalized.



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Assessment officials in different parts of the state have different assessment issues to deal with. Because of oil, gas, and mining activities in the north-central and western part of the state, assessors are dealing with a lot of new construction and changes in property classification. For example, property that has been used for farmland may now have commercial buildings or structures located on a portion of the tract. The assessor needs to inspect the property, determine the valuation of the new structures and allocate the acreage, property classification, and valuation between agricultural land and commercial property. Property in the eastern part of the state has experienced flooding, especially around Devils Lake. Assessment officials need to inspect property to determine whether there is a loss of land area and whether buildings and structures have been damaged or destroyed by flooding. Property records and assessments should be changed to reflect property changes. Properties particularly in areas with a lot of activity and natural changes need to be reviewed annually and adjusted to reflect changes.

Assessment officials obtain sales information about real property throughout the year. They should examine sales of vacant land and improved residential and commercial property to determine whether the transactions represent arm's-length transactions and market value. Assessment officials need to use that sales information to review not only the assessments of properties that sold but also the assessments of other similar properties that have not sold. Properties similar in size, quality, property characteristics and location should have similar values for assessment purposes. Assessors should use the Sales Ratio Study statistics to guide them in determining better assessments of residential and commercial properties – those that represent current market value and represent equalization among similar property types.

Properties need to be physically inspected periodically. The purpose for this is to determine whether there has been a change of use for the property, structures and buildings have deteriorated, or whether additions were built and remodeling done since the last inspection. The International Association of Assessing Officers (IAAO) recommends assessment officials physically inspect properties every four to six years to ensure assessment records reflect current and correct information about properties in the jurisdictions.

City assessors and assessors of organized townships need to have their assessment work completed by April 1st, in time for the meetings of the city and township boards of equalization. Assessors should prepare a report for their governing boards informing them of the work completed for the assessment year and the results of what the Sales Ratio Study statistics indicate regarding the current-year assessments.

Appeals regarding assessment issues are best completed at the local level by the assessor and local equalization boards. Assessment officials should make sure they investigate property owner concerns and review the property and the procedures used to determine the value of the property appealed. Governing boards should request property owners to supply evidence to support their claim that property is over-valued for assessment purposes or that the property or property owner is eligible for exemption. 

Application of Exemptions and Credits to Property Assessments

Property owners may be eligible for both a property tax exemption and a credit for the same assessment year. Any exemption must be applied before credits may be applied to the remaining value.

One situation in which this could happen is a new single-family residence owned and occupied by a disabled veteran. Upon examination of the applications submitted by the homeowner, the assessor determines that the individual qualifies for the disabled veteran's property tax credit according to N.D.C.C. § 57-02-08.8, and the individual's residence is also eligible for the new single-family residential property exemption according to North Dakota Century Code (N.D.C.C.) § 57-02-08(35).

Property owners may qualify for an exemption and a credit that may be applied to a single property within the same assessment year.

The new single-family residential property exemption is applied first, and the disabled veterans credit is applied to the remaining value.

Another example of an individual and property eligible for a property tax exemption and credit in the same assessment year is a residence of an individual who is permanently and totally disabled and permanently confined to use of a wheelchair and the owner/occupant is also eligible for the homestead property tax credit. Provided the applicant files the appropriate applications and supplies the necessary evidence of qualification, the property owner is eligible for property tax exemption according to N.D.C.C. § 57-02-08(20)(b) and also the homestead credit according to N.D.C.C. § 57-02-08.1.

In the examples cited above, the statutes specify maximum amounts of valuation that are eligible for exemption and for the disabled veterans' credit. Those amounts apply to the valuation of improvements only. The homestead property tax credit provided by N.D.C.C. § 57-02-08.1 may be applied to both land and building valuation. 

Computerized Assessment Forms Available in 2011

The State Tax Commissioner's Office is in the process of converting property tax reporting forms and abstracts to electronic format so they may be completed on-line and submitted electronically to this office.

The forms and abstracts will not have formulas built into the spreadsheets.

It is important to follow the same procedures used for completing the paper reports.

1. Read and follow the instructions included with the reporting forms.
2. Do not assume correctness because form is computerized.
3. Verify total amounts: make sure totals cross check – across and down the page. 

Authorization to Change Assessments and Legal Descriptions on Assessment List

After equalization boards approve and finalize assessment lists, assessment officials do not have authority to change individual assessments unless the statute provides for it, such as for abatement action (N.D.C.C. ch. 57-23) or omitted property assessment (N.D.C.C §§ 57-14-01 through 57-14-07).

After a city assessor completes the assessment list and submits the assessment book to the city auditor, the assessor can no longer change values. City boards of equalization have statutory authority to direct the city auditor to change values as the board determines to be appropriate. Whenever the board of county commissioners approves a reduction in assessment by abatement proceedings, the county auditor is the assessment official responsible for noting the change in the assessment list.

North Dakota Century Code § 57-02-38 specifies the maximum size of real property units that may be described in assessment lists and tax lists.

The assessment list may not include descriptions larger than quarter sections for unplatted land and undeveloped land platted before March 30, 1981, not situated within the limits of an incorporated city. Property in the platted portion of a city or property platted on or after March 30, 1981, located outside any city and not agricultural property, must be assessed separately as to each lot. If a building or structure covers two or more contiguous lots or parts of lots owned by the same person, the tract must be described and assessed as one parcel. A block that has not been subdivided may be described and assessed in a unit of one block.

After a city assessor completes the assessment list and submits the assessment book to the city auditor, the assessor can no longer change values.

The primary reason for describing real property in individual quarter sections and individual platted lots for assessment purposes is to protect property owners against foreclosure of tax lien for nonpayment of tax. When several parcels are combined into one assessment parcel and a property owner is unable to pay the property tax, instead of forfeiting perhaps one lot or tract of land, the owner may end up forfeiting a number of lots or tracts. While it is admirable for county officials to conserve on expenditures, combining parcels in order to have fewer “parcels” to digitize or fewer tax statements to generate is not acceptable. Ignoring the law (N.D.C.C. § 57-02-38) by combining lots and tracts into one parcel for assessment purposes may actually be detrimental to the constituents county officials serve.

The Office of State Tax Commissioner urges county officials to review the assessment records and change listings to meet the statutory requirements of N.D.C.C. § 57-02-38. 

Supervised Home Study Manual Updated

The Supervised Home Study Manual has been revised and updated to reflect changes made by the 2009 Legislature. It is available to download from the Tax Department website. Go to www.nd.gov/tax/property/pubs/supervisedhomestudymanual.pdf 

Education Calendar

The Office of State Tax Commissioner will offer the following courses through November 2014.

May	9 – 13, 2011	102	Principles & Theory of Value
Nov.	14 – 18, 2011	202	Agricultural Land Valuation
May	7 – 11, 2012	303	Teaching Appraisal Techniques
Nov.	19 – 23, 2012	201	Appraisal of Residential Property
May	13 – 17, 2013	101	Tax Administration
Nov.	18 – 22, 2013	203	Commercial Property Appraisal
May	12 – 16, 2014	102	Principles & Theory of Value
Nov.	17 – 21, 2014	202	Agricultural Land Valuation

The Property Tax Education Schedule is available on the department’s web site on the Property, Publications page: www.nd.gov/tax/property/pubs under the heading “PDF publications”.

Electronic Newsletter

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