



RICK CLAYBURGH  
TAX COMMISSIONER

# Property Tax Newsletter

**March 2001**

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## 2001 Legislative Update

The following is a summary of property tax legislation pending in the 2001 North Dakota Legislature as of March 14, 2001. A bill must be signed by the Governor, filed with the Secretary of State and meet the statutory effective date before it becomes law. Unless indicated otherwise, property tax laws become effective on July 1, 2001.

Bills, hearing schedules and bill status information are available through the North Dakota State Legislative Branch website [www.state.nd.us/lr](http://www.state.nd.us/lr).

### HB 1059

Amends N.D.C.C. § 57-02-08.1(4) regarding application for homestead credit. Provides that for determining medical expenses, allowance for transportation to medical care is the standard mileage rate method allowed for state officer and employee use of a motor vehicle under N.D.C.C. § 54-06-09.

### HB 1135

Amends N.D.C.C. §§ 52-09-08, 57-15-06.7(36), and 57-15-28.1(6) regarding the county levy for comprehensive health care insurance programs.

### HB 1141

Amends N.D.C.C. §§ 15.1-12-10 and 15.1-12.1-11.1 regarding the general fund and building fund levies of a newly reorganized school district and the school district reorganization bonus.

### HB 1206

Amends N.D.C.C. § 57-23-06(2) regarding the hearing on an application for abatement. Provides that the board of county commissioners must provide a written explanation of the rationale for its decision to reject an application.

### HB 1222

Creates a new section to N.D.C.C. ch. 57-02. Provides that the taxable value of centrally assessed wind turbine generators constructed before January 1, 2011, must be 3 percent of assessed value, instead of 10 percent. Removes obsolete language from N.D.C.C. § 57-02-27. Companion bills HB 1221 and HB 1223 provide for sales and income tax incentives for wind turbine generators.

### HB 1294

Amends N.D.C.C. §§ 39-18-03 and 39-22-12 and creates a new section to N.D.C.C. ch. 57-55. Provides for documentation of taxes paid before transferring title to a mobile home.

### HB 1332

Creates a new section to N.D.C.C. ch. 11-10. Provides that a person is not entitled to a tax or fee refund by a county officer or employee unless the amount of refund is five dollars or more.

### HB 1405

Amends N.D.C.C. §§ 57-15-06.7, 57-15-20.2, 57-15-26.5, and 57-15-51. Increases the county, township, rural ambulance service district, and city levies for ambulance service from five to ten mills.

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### **HB 1425**

Amends N.D.C.C. § 10-06.1-10(1)(3) regarding acquisition of farmland or ranchland by nonprofit organizations. Removes the restriction of the type of nonprofit organizations that may acquire land and increases the amount of acreage that may be acquired from 12,000 to 50,000 acres.

Provides that the advisory committee also include the chairman of the board of county commissioners of the county in which the property is located or, if the property is located in more than one county, the county containing the largest portion of farmland or ranchland proposed to be acquired.

### **HCR 3010**

Directs the Legislative Council to study the property tax exemption for public housing authorities.

### **HCR 3047**

Directs the Legislative Council to study the property tax assessment and valuation of agricultural property.

### **HCR 3055**

Directs the Legislative Council to study the effectiveness of various economic development incentives and the feasibility and desirability of creating a reporting system that assists in compiling a complete inventory of economic development incentive programs and in evaluating the effectiveness of the programs.

### **HCR 3060**

Directs the Legislative Council to study the feasibility and desirability of providing school district property tax relief and replacement of revenues through state funding.

### **SB 2033**

Amends N.D.C.C. § 40-63-05 regarding property tax exemption on buildings, structures and improvements that have been rehabilitated in a renaissance zone.

### **SB 2059**

Amends N.D.C.C. § 23-35-07 regarding the budget of a health district. Removes obsolete language referring to assessed value and substitutes reference to the taxable valuation.

Reinstates a section to N.D.C.C. ch. 57-20 pertaining to collection of real estate taxes on leasehold or other possessory interest.

Amends N.D.C.C. § 57-23-05 regarding applications for abatement. Provides that whenever an application is filed, the county auditor must forward the application to the appropriate township clerk or city auditor within five business days of the filing date.

Amends N.D.C.C. § 57-28-07 regarding foreclosure of tax liens. Removes obsolete language in the form of the notice for publication.

Reinstates N.D.C.C. § 57-28-09.1 regarding the form of the tax deed for transfer of ownership to the county for nonpayment of taxes.

Amends N.D.C.C. § 57-45-11 regarding limitation of action against tax deed. Removes obsolete language.

### **SB 2062**

Amends N.D.C.C. § 57-20-26 regarding the county treasurer's notice of tax lien. Provides for charging simple interest at twelve percent per year from January 1 following the year the tax becomes due.

### **SB 2067**

Amends various N.D.C.C. sections regarding an excise tax on telephone exchange access service and application of that tax to wireless service for support of wireless enhanced 911 service.

### **SB 2068**

Amends N.D.C.C. § 57-02-27.2(6) regarding inundated agricultural land. Redefines it as agricultural land containing a minimum of ten contiguous acres if the value of the inundated land exceeds ten percent of

the average agricultural value of noncropland for the county, which is inundated so it is unsuitable for growing crops or grazing farm animals for two consecutive growing seasons or more, and which produced revenue from any source in the most recent prior year which is less than the county average revenue per acre for noncropland calculated by the agricultural economics department of the North Dakota State University.

Application for classification as inundated agricultural land must be made in writing to the township assessor or county director of tax equalization by March 31 of each year. For 2001, application must be made within 90 days from the filing of the bill with the Secretary of State.

### **SB 2185**

Amends N.D.C.C. § 10-06.1-10(2) regarding acquisition of farmland or ranchland by nonprofit organizations for conservation purposes. Provides for payments in lieu of property taxes, calculated in the same manner as if the property was subject to full assessment and levy of property taxes.

### **SB 2222**

Amends N.D.C.C. § 61-24.5-10 regarding the mill levy for the southwest water authority. Removes the reference to the last year the tax may be levied. Allows the levy every year.

### **SB 2286**

Amends N.D.C.C. § 57-28-09 regarding tax deeds. Provides that after foreclosure of property with an unsatisfied tax lien, the county auditor shall issue a tax deed to a political subdivision if that political subdivision sold the property within ten years preceding the foreclosure.

Creates a new section to ch. 57-28 regarding liens against other property for costs incurred by a county in tax

foreclosure proceedings. Provides that if the county sells property forfeited in tax foreclosure for less than the cost of expenses, those unrecovered costs become a lien on any real property owned in the county by the prior owner. Provides for duties of the county auditor to enter lien information on the tax list and the county treasurer to issue tax receipts.

### **SB 2298**

Amends N.D.C.C. § 11-11-55.1 regarding the county levy for special assessments. Authorizes the board of county commissioners to levy special assessments by resolution or upon a petition signed by owners of property representing 60 percent or more of the taxable valuation of property in the defined area.

### **SB 2299**

Repeals the sales tax on out-of-state coal and reduces the 75-cent coal severance tax to 37½ cents per ton. Increases the coal conversion tax by a comparable amount.

Changes distribution of the coal severance tax to allow the counties and trust fund to continue receiving basically the same amounts as in the past. Guarantees counties will receive no less coal conversion tax than they received from electric generating plants in the immediately preceding year and from gasification plants in 2000 or a year after 2001, whichever is greater.

Changes the definition of a coal conversion facility to include the Heskett plant in Morton County. Provides that Morton County will receive at least as much coal conversion tax as it received in property taxes from the Heskett plant for taxable year 2001.

### **SB 2328**

Creates a new subsection to N.D.C.C. §§ 57-15-20.2 and 58-03-07 and a new chapter to N.D.C.C. title 58 regarding creation of special assessment districts by townships.

### **SB 2334**

Amends N.D.C.C. §§ 57-15-19.6 and 57-15-20.2(5) regarding use of township funds for mowing and snow removal. Allows use of the funds for mowing and snow removal in addition to the necessary equipment.

### **SB 2346**

Amends N.D.C.C. § 40-22-18 regarding protests against special improvement projects. Excludes political subdivisions from protesting improvement projects.

### **SCR 4001**

Directs the Legislative Council to study the property tax exemption for institutions of public charity providing a combination of health and housing services.

### **SCR 4010**

Directs the Legislative Council to study the feasibility and desirability of establishing classifications for roads and unproductive land for property tax purposes. 🌱

## **Equalization of Property Values**

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**A**ssessment officials and their governing boards need to work together to fulfill their obligations regarding equalization of real property assessments. North Dakota law requires assessors to value real property at true and full value. For residential and commercial property, true and full value represents *current* market value – what the property would typically sell for on the assessment date (February 1). True and full value of agricultural property represents the agricultural value – what land is capable of producing.

Each year, assessors need to review recent sales information to determine whether assessments of residential and

commercial properties represent current market value or if they should be changed from the previous year. Assessors should use the sales information to determine true and full values of similar properties that have not sold. Similar properties should have similar property taxes. In order to equalize property values, assessors need to have complete information about all of the properties within their jurisdictions. The best way to obtain and maintain that information is by use of property cards or property records.

It is much easier for boards of equalization to determine if assessments are equalized when the assessor prepares and presents a report regarding the sales ratio study indications for residential and commercial properties, and also a report of the changes in market conditions and assessments from the previous to current assessment year.

Counties that have agricultural land valuations allocated according to the detailed soils survey have better equalization of assessments. Each soil type has a specific value per acre, and that would be the same within the same township and any place else in the county unless a modifier is applied to account for trees, rocks, saline, or inability to access because of ravines, water, etc. Township assessors and governing boards should work together to ensure equitable agricultural land assessments.

The equalization process is not an easy one but it is a very important one. Assessment records are open to public inspection. As property owners become more knowledgeable about market value and compare their property values to those of other properties, they will challenge their residential and commercial assessments more often. It is not fair

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to change only the true and full value of properties that sold.

Equalization of property values is best done at the local level, beginning with the assessor. Assessors should review property assessments annually. If the valuations of individual properties need changing, the assessor can do it easily and more equitably.

Township and city boards of equalization should carefully review assessments to ensure similar properties have similar values. These boards can change individual assessments as necessary. The township board of equalization must notify the owner whenever it intends to order any increase in assessment. The city board of equalization must notify the owner whenever it intends to increase an assessment more than 25 percent. Both boards must recess to allow for notification of the owner and then reconvene to finalize the assessments.

Generally, whenever the county and State Board of Equalization determine assessment changes are needed, all properties within the class of property must be changed. For example, the sales ratio study indicates that residential property in a county is being assessed at 92 percent of market value. The county board of equalization should order an eight percent increase in all residential property valuations. If some properties are already listed at true and full value or above, the increase will not correct the existing equalization problem.

The Tax Commissioner urges all assessment officials, including boards of equalization, to analyze and review the 2001 assessments very carefully to ensure equalization of assessments. 🌱

## New Forms Forthcoming

Section F of the Property Taxation Manual and Section 3 of the Assessor's Manual contain most forms used by assessment officials. The Property Tax Division will revise these sections to comply with law changes and add more forms typically used by assessment officials, including a new application for classification as inundated agricultural land. 🌱

## Upcoming Education

The Office of State Tax Commissioner will offer the following assessment education in Bismarck during 2001:

- 102 Principles & Theory of Value  
May 7-11, 2001
- 101 Tax Administration  
Nov. 26-30, 2001

## Reminder

The annual conference of the NDAAO will be held August 13-16, 2001, in Bismarck. It will begin at 10:00 am Monday with a presentation regarding determination of proper sales for use in the Sales Ratio Study. The annual meeting will begin at 1:00 pm on Monday. The State Board of Equalization meets on Tuesday. A Marshall and Swift Commercial Cost Approach seminar will be conducted on Wednesday and Thursday. 🌱

## Annual Assessor Seminar Reports Due

County directors of tax equalization have held the 2001 Assessor Seminar and are responsible for certifying the results to the Office of State Tax Commissioner. The report should be submitted at this time, even if there are assessors who did not attend the seminar and have not yet received individual instruction. Tax directors may submit to the Property Tax Division supplemental certifications of assessors who receive individual instruction.

The State Supervisor of Assessments issues certificates to all township and class II city assessors who complete the necessary requirements. A newly appointed or elected assessor has twelve months in which to become certified. Township and class II city assessors must maintain their certification by attending the annual assessor seminar or by receiving individual instruction from the tax director. The assessments for 2001, completed by *any* assessor who is not certified, must be reviewed and approved by a certified county director of tax equalization or class I city assessor *prior to* the local board of equalization meeting in April. The cost for the review is the responsibility of the jurisdiction needing the review.

### **Need Assistance?**

Please direct property tax questions or concerns to:

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Property Tax Division  
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Bismarck, ND 58505-0599  
Phone: (701)328-3127  
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E-mail: lwedge@state.nd.us  
Website: www.ndtaxdepartment.com