



## OTHER CONSIDERATIONS

### Commercial property and vacant lots:

- A. The 2011 Legislature amended N.D.C.C. § 57-02-27.1 to allow the township, as well as the city, governing body to establish valuations that recognize the supply of vacant lots available for sale.
- B. If improved commercial property is assessed at market value and vacant lots are assessed at something less than market value, and those combined values are compared to the sales ratio median for improved commercial property only, combined commercial property appears to be under assessed.
- C. In years prior to 2009 we used the sales ratio median for commercial property only. In 2009 we notified counties and major cities that we would use the sales ratio median for combined commercial property and vacant lots with the combined commercial property and vacant lot values shown on the assessment abstract.
- D. We ask counties and cities whose ratios do not fall within tolerance using the combined median to separate out vacant lot values. We then apply the commercial median to improved commercial property. Improved commercial property is required to be assessed at market value, but N. D.C.C. § 57-02-27.1 provides that “the governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.”



## TOLERANCE LEVELS

### Tolerance Allowed for 2018 Assessments

A. Minutes of December 18, 2017 State Board of Equalization meeting:

“Commissioner Goehring moved and Treasurer Schmidt seconded, if a jurisdiction is below 89.5 (90 rounded) percent, the practice of the Board will be to bring the jurisdiction to 93 percent, with flexibility to adjust depending on the circumstances of the situation. Auditor Gallion asked for consideration to manage at both sides of the spectrum.

Auditor Gallion moved, if a jurisdiction is below 89.5 (90 rounded) percent, the practice of the Board will be to bring the jurisdiction to 93 percent and if a jurisdiction is above 100.49 (rounded to 100) percent, the practice of the Board will be to bring the jurisdiction to 97 percent, with flexibility to adjust depending on the circumstances of the situation. The Board discussed what happens when a jurisdiction is above 100.5. The motion failed for lack of a second.

The Board returned to the original motion by Commissioner Goehring, seconded by Treasurer Schmidt. If a jurisdiction is below 89.5 (90 rounded) percent, the practice of the Board will be to bring the jurisdiction to 93 percent, with flexibility to adjust depending on the circumstances of the situation. Upon roll call, Commissioner Rauschenberger yes, Auditor Gallion no, Treasurer Schmidt yes, Commissioner Goehring yes, Governor Burgum yes, motion carried.”

B. The 2009 Legislature enacted § 57-13-04.1, which provides that the State Board of Equalization may not approve valuation and assessments in any taxing district in which the true and full value for residential and commercial property as assessed and equalized in that district exceeds the true and full value for those property classifications in that taxing district as determined by the sales ratio study.

C. Property outside tolerance: The Property Tax Division’s TAP program is designed to show needed changes that will move assessments as close as possible to 100 percent without exceeding 100 percent. The State Board of Equalization is required to make any needed changes in whole percentages and may not approve commercial or residential assessments that are over 100 percent of market value. For counties with agricultural, commercial, or residential assessments that are less than one half of one percent over 100 percent, no change is required.