

Property Valuation & Taxation

The Basics





The property tax is an ad valorem tax, a tax based upon value. **It is the primary means by which local government pays for services it provides such as police and fire protection, schools, roads, parks, courts, etc.** It involves two separate processes, the **assessment process** and the **budget process**. After these processes are completed, the county auditor calculates the appropriate mill rate for each Taxing District (Township, School, Fire, etc.) and those rates are applied to each taxable property, by multiplying the taxable value times the mill rate to determine the property tax.





- ✓ All real property is subject to taxation, unless expressly exempted by law (churches, schools).
- ✓ All property is valued according to its value on February 1st of each year.



- ✓ All real property is valued at **True and Full Value**.
- ✓ For residential and commercial property, True and Full Value can also be referred to as market value.
- ✓ For agricultural value, True and Full Value equals its soil (productivity) value as defined by North Dakota statute.





Classes of Property

- **Agricultural**
 - Land used for raising agricultural crops or grazing farm animals
- **Residential**
 - All property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located
- **Commercial**
 - All property not included in residential, agricultural, railroad or centrally assessed
 - Includes vacant lots





Assessment

- Major changes to property noted (demo, new, remodel)
- Sales ratio determines county-wide changes
- Local & county BOE meetings are held



Budget

- Auditor collects budget requests from other entities
- Auditor prepares county budget & mills based on assessment amounts
- County commissioners approve (public input)



Billing

- Estimated tax statements sent late summer
- Tax statements sent in Dec, due with discount Feb 15th, without penalty March 1



Assessment

- Major changes (demo, new structure, major remodel, addition) to property noted on property card.
 - *These items can trigger a revaluation on that specific property*
- Sales ratio determines county-wide changes.
 - *This item will generally trigger a revaluation on a whole class of property (residential, commercial, ag).*
- Local & county BOE meetings are held





Sales Ratio

CAMA – Computer Assisted Mass Appraisal

- All residential & commercial property is contained within the CAMA system.
- System contains pertinent information about each property (square footage, type of building, year built, additions, extra amenities, photos, sketches, etc).
- Table driven – changes are made to tables and those changes are applied to all properties that fall within the parameters.
- Allows for county-wide changes when the sales ratio needs to be moved up or down (treating all EQUALLY).
- Items that are generally analyzed for possible changes:
 - Manual Level – cost of materials (replacement cost)
 - Map Area – county is divided into economic map areas (towns, townships)
 - Depreciation – reduction in the value of an asset with the passage of time





Sales Ratio

There are a number of statistical analysis reports that can help to determine:

- Consistency in Valuations
- Fair & Equitable Valuations



State Mandate:

Median Sales Ratio 90% - 100%

If we are not in compliance at the county level, the State BOE will require valuations be raised (or lowered)!





Sales Ratio

Formula:



T&F Value: \div 150,000
Sale Price: 250,000



.60

100



Sales Ratio

60%



Sales Ratio



Towner County

Sales Ratio Group Array

Value Source (VS): A=Appraised, B=Board, S=St.Equalized

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Page

1

Study Name Residential Sales PDFs 1-35, 39
 Study Date 01/01/2021-12/31/2022 Time Adj. None
 Table Name Main Tables NUTC 000

Sale #	PDF	PN	Map Area	Address	DIC	NUTC	Recording	VS	\$ - Land	\$ - Impr	\$ - Total	Sale Date	Sale Price	Ratio
1	6	29-0019-05427-000	City of Cando-R	1008 3RD AVE	D	000	WD160330	A	\$7,500	\$46,800	\$54,300	12/27/2022	\$92,000	59.02
2	6	29-0017-05416-000	City of Cando-R	119 1ST ST	D	000	158714	A	\$7,600	\$72,400	\$80,000	6/10/2021	\$125,000	64.00
3	6	29-0026-05507-000	City of Cando-R	809 EVERGREEN LN	D	000	WD160148	A	\$14,100	\$168,000	\$182,100	10/5/2022	\$270,000	67.44
4	6	29-0024-05479-000	City of Cando-R	904 7TH ST	D	000	WD159337	A	\$12,600	\$112,200	\$124,800	10/18/2021	\$176,000	70.91
5	6	29-0004-05110-000	City of Cando-R	118 5TH AVE	D	000	WD158814	A	\$5,000	\$13,700	\$18,700	7/30/2021	\$26,000	71.92
6	6	29-0008-05262-000	City of Cando-R	810 3RD AVE	D	000	WD159294	A	\$9,800	\$99,100	\$108,900	9/24/2021	\$140,000	77.79
7	6	29-0024-05472-000	City of Cando-R	707 9TH AVE	D	000	WD160130	A	\$11,300	\$105,400	\$116,700	9/29/2022	\$150,000	77.80
8	6	29-0023-05454-000	City of Cando-R	1002 2ND AVE	D	000	WD158774	A	\$12,700	\$134,300	\$147,000	7/19/2021	\$188,000	78.19
9	34	16-0000-02975-010	Virginia-R	6762 HWY 5	D	000	WD158746	A	\$4,000	\$124,800	\$128,800	7/6/2021	\$164,000	78.54
10	6	29-0019-05424-000	City of Cando-R	940 3RD AVE	D	000	158718	A	\$5,000	\$68,800	\$73,800	6/16/2021	\$93,500	78.93
11	6	29-0009-05358-000	City of Cando-R	1011 6TH AVE	D	000	WD158769	A	\$7,500	\$52,400	\$59,900	7/19/2021	\$75,000	79.87
* 12	6	29-0019-05421-000	City of Cando-R	926 3RD AVE	D	000	WD160219	A	\$10,500	\$65,500	\$76,000	11/1/2022	\$95,000	80.00
* 13	9	35-0002-06587-000	City of Perth-R	201 3RD STREET	D	000	WD158461	A	\$3,400	\$19,700	\$23,100	3/1/2021	\$28,500	81.05
14	10	32-0004-06315-000	City of Rook Lake-R	57 ELLSBERRY AVENUE	D	000	WD159539	A	\$700	\$24,000	\$24,700	12/16/2021	\$30,000	82.33
15	6	29-0001-04938-000	City of Cando-R	316 4TH AVE	D	000	WD158661	A	\$10,000	\$56,100	\$66,100	5/26/2021	\$80,000	82.63
16	6	29-0001-04879-000	City of Cando-R	118 3RD ST	D	000	WD158353	A	\$5,100	\$67,700	\$72,800	1/21/2021	\$87,500	83.20 <Median
17	6	29-0023-05446-000	City of Cando-R	910 2ND AVE	D	000	WD159818	A	\$15,500	\$146,500	\$162,000	4/20/2022	\$189,000	85.71 <Median
18	6	29-0008-05207-000	City of Cando-R	603 2ND AVE	D	000	WD159982	A	\$7,500	\$31,600	\$39,100	6/28/2022	\$45,000	86.89
19	10	32-0004-06310-000	City of Rook Lake-R	53 ELLER AVENUE	D	000	WD159633	A	\$1,100	\$42,500	\$43,600	1/4/2022	\$50,000	87.20
20	7	31-0001-06016-000	City of Egeland-R	205 OLMSTEAD STREET	D	000	QCD159761	A	\$700	\$8,300	\$9,000	2/18/2022	\$10,000	90.00
21	6	29-0002-05001-000	City of Cando-R	310 MAIN ST UNIT 1	D	000	158624	A	\$1,200	\$62,500	\$63,700	5/13/2021	\$70,000	91.00
22	6	29-0001-04868-000	City of Cando-R	109 1ST AVE	D	000	158763	A	\$7,500	\$82,400	\$89,900	7/14/2021	\$91,000	98.79
23	6	29-0001-04954-000	City of Cando-R	219 4TH AVE	D	000	158885	A	\$5,000	\$18,600	\$23,600	6/7/2021	\$23,284	101.36
24	7	31-0001-06011-000	City of Egeland-R	315 OLMSTEAD STREET	D	000	WD159976	A	\$1,000	\$12,400	\$13,400	7/7/2022	\$13,000	103.08
25	6	29-0002-05003-000	City of Cando-R	310 MAIN ST UNIT 3	D	000	158800	A	\$1,200	\$62,500	\$63,700	5/3/2021	\$60,000	106.17
26	6	29-0017-05417-000	City of Cando-R	113 1ST ST	D	000	WD159704	A	\$7,500	\$62,300	\$69,800	2/22/2022	\$63,000	110.79
27	6	29-0009-05292-000	City of Cando-R	933 5TH AVE	D	000	WD158874	A	\$10,000	\$80,200	\$90,200	8/25/2021	\$81,000	111.36
28	6	29-0001-04947-001	City of Cando-R	407 4TH AVE	D	000	WD159664	A	\$4,100	\$58,500	\$62,600	2/1/2022	\$55,000	113.82
29	6	29-0005-05136-000	City of Cando-R	404 7TH AVE	D	000	TD160047	A	\$6,200	\$30,700	\$36,900	8/9/2022	\$30,000	123.00
* 30	10	32-0002-06235-000	City of Rook Lake-R	25 LAPHAM AVENUE	D	000	WD159682	A	\$2,500	\$55,300	\$57,800	2/11/2022	\$46,000	125.65
31	6	29-0009-05304-000	City of Cando-R	930 5TH AVE	D	000	WD160106	A	\$6,300	\$28,500	\$34,800	9/2/2022	\$26,500	131.32
32	6	29-0001-04893-000	City of Cando-R	407 1ST AVE	D	000	WD160125	A	\$5,000	\$80,700	\$85,700	9/29/2022	\$65,000	131.85





Board of Equalization



It is the duty of the board of equalization to determine whether or not all taxable property has been properly listed and valued by the assessor. If any real property has been omitted, the board is responsible for listing the property on the assessment list at its true and full value. It is also the duty of the board to correct any assessment which is not listed at its true and full value. The board may not increase the valuation returned by the assessor to an amount that results in a cumulative increase of more than 15% from the amount of the last assessment without giving the owner, or the owner's agent, reasonable notice and opportunity to be heard regarding the intention of the board to increase it.



Tax Calculation

True and Full Value = Market Value

Assessed Value = True and Full Value x 0.50

Taxable Value = Assessed Value x 0.09 (Residential)
x 0.10 (Commercial & Ag)

Tax \$ Amount = Taxable Value x Mill Levy



Example: T&F (Market) Value - **\$100,000**



$$\underset{\substack{\uparrow \\ \text{T\&F}}}{100,000} \times .50 = \underset{\substack{\uparrow \\ \text{Assessed}}}{50,000} \times .09 = \underset{\substack{\uparrow \\ \text{Taxable}}}{4,500} \times \underset{\substack{\uparrow \\ \text{Mills}}}{.350101} = \underset{\substack{\uparrow \\ \text{Amount Due}}}{\$1,575.45}$$



Disabled Veteran

The Disabled Veteran's Property Tax Credit is available to veterans of the United States Armed Forces with a disability of **50%** or greater. If eligible, the credit may reduce the taxable value of a homestead. A homestead can include a house, the land the house is on, and/or other buildings on the same land. If a qualified veteran moves to a different homestead, the credit can be applied to the new property.



Eligibility - To be eligible for this program, you must:

- Be a disabled veteran of the United States Armed Forces with an armed forces service-connected disability of 50% or greater in the year for which the application is made. Your extra-schedular rating, to include individual unemployability, may bring the total disability rating to 100%, as determined by the United States Department of Veterans Affairs.
- Have received an honorable discharge or be retired from the United States Armed Forces.
- Reside on and be invested in the property.



<u>Disability Percentage</u>	<u>Maximum Reduction</u>
100%	\$8,100
90%	\$7,290
80%	\$6,480
70%	\$5,670
60%	\$4,860
50%	\$4,050



Homestead Credit

The Homestead Property Tax Credit and Renter's Refund are property tax credits available to eligible North Dakotans.

Eligibility - To be eligible for this program, you must:

- 65 years of age or older, **OR** an individual with a permanent or total disability
 - Proof of total disability must be established by a certificate from a licensed physician or a written determination of disability from the Social Security Administration or federal or state agency authorized to certify an individual's disability.
 - There is no age requirement for those with permanent or total disability.
 - A homeowner or renter with disability must meet the same requirements, except for age, as a senior citizen homeowner or renter.
- Live at and be invested in the property.
- Not have assets that exceed **\$500,000**, including the market value of the homestead and the value of any assets gifted or otherwise divested within the last three years.
- Not have income that exceeds **\$42,000**, including the income of your spouse and any dependents, for the calendar year preceding the assessment date.



If your income is	Your taxable value is reduced by	Maximum reduction of taxable value	Maximum reduction of true & full value
\$0 - 22,000	100%	\$5,625	\$125,000
\$22,001 - 26,000	80%	\$4,500	\$100,000
\$26,001 - 30,000	60%	\$3,375	\$75,000
\$30,001 - 34,000	40%	\$2,250	\$50,000
\$34,001 - 38,000	20%	\$1,125	\$25,000
\$38,001 - 42,000	10%	\$563	\$12,511