

2019 Annual Assessment Report

MAY 22, 2019

Cass County Government
Authored by: Paul Fracassi – Director of
Equalization



2019 Annual Assessment Roll Index

Recommendation to the Board of Equalization _____	3
2018 Assessment Year Summary _____	4
Building Permits/Sales Ratio _____	5
Value by Class of Property _____	6
Taxable Valuation _____	7
Exempt Properties _____	10
Supporting Information	
Appeals through the Board of Equalization _____	13
Sales Ratio Explained _____	16
Exemptions Explained _____	17
County Board of Equalization Statutes _____	20
Recommendations	
Appendix A – Recommendations at local level _____	24
Tax Equalization Team	
Staff _____	25

2019 Cass County Board of Equalization

May 22, 2019

Honorable Board of County Commissioners
211 Ninth St South
Fargo, ND 58103

Honorable Commissioners:

The 2019 annual assessment report of Cass County Government establishes the final valuations for all classes of property based on an analysis of market activity that occurred between January 1st, 2018 & December 31st, 2018. The valuations submitted in this report are market driven as evidenced through the analysis.

The projected taxable value in Cass County for the taxable year 2019 is \$153,652,639 with new construction contributing \$2,683,343. The additions of Fargo and West Fargo bring the overall taxable valuation to \$919,607,408 clearing \$900 million for the first time. Our office has thoroughly tracked and studied sales as well as reviewed properties throughout the 2018 year in order to apply appropriate market value adjustments. The result is a 2.9% increase to commercial property and a 2.8% increase to residential. Agricultural land received a 4% increase this year as indicated by the Agribusiness and Applied Economics Department of North Dakota State University.

As a matter of procedure, some jurisdictions adjust values yearly for market changes, while other jurisdictions defer to the county for adjustments. Appendix A is a list of jurisdictions that have not adjusted values appropriately at the local level. It is my recommendation to change the assessments of these jurisdictions to reflect the amounts listed in the appendix.

Procedures of assessment and appraisal are conducted under guidance from the North Dakota Tax Commissioner's Office, the North Dakota Century Code, and nationally recognized standards of mass appraisal of real property. The Cass County Tax Equalization Office respectfully recommends the approval of the assessment roll as submitted. Should anyone appear before the Board to protest an assessment in the 2019 report, the Cass County Tax Equalization Office will employ the informal abatement process pursuant to state law.

Respectfully Submitted,



Paul Fracassi
Director of Equalization

2018 Assessment Year Summary

The 2018 market analysis showed a similar trend to 2017 as the average days on market (ADOM) dropped one day to sixty-five. Cass County saw home values rise from \$219,900 to \$223,400 with rural Cass, excluding Fargo and West Fargo, seeing median home sales reach \$255,900. The quantity of residential sales in rural Cass took a slightly dip in 2018, down 1% from 2017, which may be due to slight increases in interest rates and building costs.

The Cass County Tax Equalization office completed the reappraisal of nearly 200 Farm Residences throughout 2018, which led to a slight dip in volume of reappraisal areas. With that said, our office still completed the reappraisal of the City of North River, Arthur, Argusville, Frontier & Prairie Rose, as well as Durbin & Walburg Township. Vanguard Appraisals, Inc. assisted with the City of Buffalo. The reappraisal represented a little over 10 percent of the non-agricultural parcels in Cass County. Jurisdictions that previously lacked the work force to complete a reappraisal now have digitized property record cards with sound data and valuations representative of the current market. The reappraisal accounted for an increase in market valuation of \$55,763,400, which is a 19% increase from last year. Much of the increase was due to land adjustments for both residential and commercial properties. These large increases were necessary to create an equitable level of assessment. To enhance transparency, the information developed throughout the reappraisal is on our website allowing property owners to review sales, detailed property information, and develop a better understanding of their assessed value. I encourage you to go to <http://cass.northdakotaassessors.com/> to review the completed work.

The biggest singular reappraisal that took place this year was the Tharaldson Ethanol Plant in Casselton Township. This property received a ten-year Payment in lieu of tax (PILOT) that expired for the 2019 taxable year. The appraisal, completed by Vanguard Appraisals, Inc. brought the value of the property to \$67,367,700. The 2018 value of the property was \$11,679,700, after exemptions.

Commercial sales in rural Cass County are seeing an increase in volume due to the attractiveness of the I-29 Commerce district in Stanley Township and bedroom communities such as Horace, Casselton, and Mapleton; which are becoming desirable locations for commercial projects looking to establish a home for their business.

Agricultural land still accounts for almost half of the valuation in Cass County and the average price per acre rose from \$1,226.31 to \$1,271.73.

Our office wrapped up the assessment year by hosting roughly 40 local boards of equalization throughout the month of April, at which time we met with and discussed any concerns with property owners regarding their valuation. I have attached to the end of this report a list of adjustments made at the local level throughout Cass County.

Building Permit Valuations

2016 was the first year Cass County was able to internally track building permits through our CAMA software. Since tracking began, residential permits have increased 23%, with a 14% jump in 2018 alone. This is directly associated with the growth of bedroom communities such as Mapleton, Casselton, and Horace. Commercial permits saw a large 44% spike after a relatively flat 2017 year. This is largely due to the commerce at I-29 subdivision in Stanley Township.

Year	Residential	Permits	Commercial	Permits
2016	\$33,276,948	243	\$4,682,236	24
2017	\$45,760,947	263	\$3,093,625	27
2018	\$51,867,874	300	\$9,235,364	39

Sales Ratio Analysis

North Dakota property tax is an ad valorem tax. This means, simply, a tax according to value. The true and full value for tax purposes must reflect the market value of the property. To maintain equitable assessments and achieve an accurate portrayal of the market our office conducts a sales ratio study annually. It is the intent of the ND legislature that local assessors use the results of the sales ratio study as a guide in making and equalizing assessments of property.

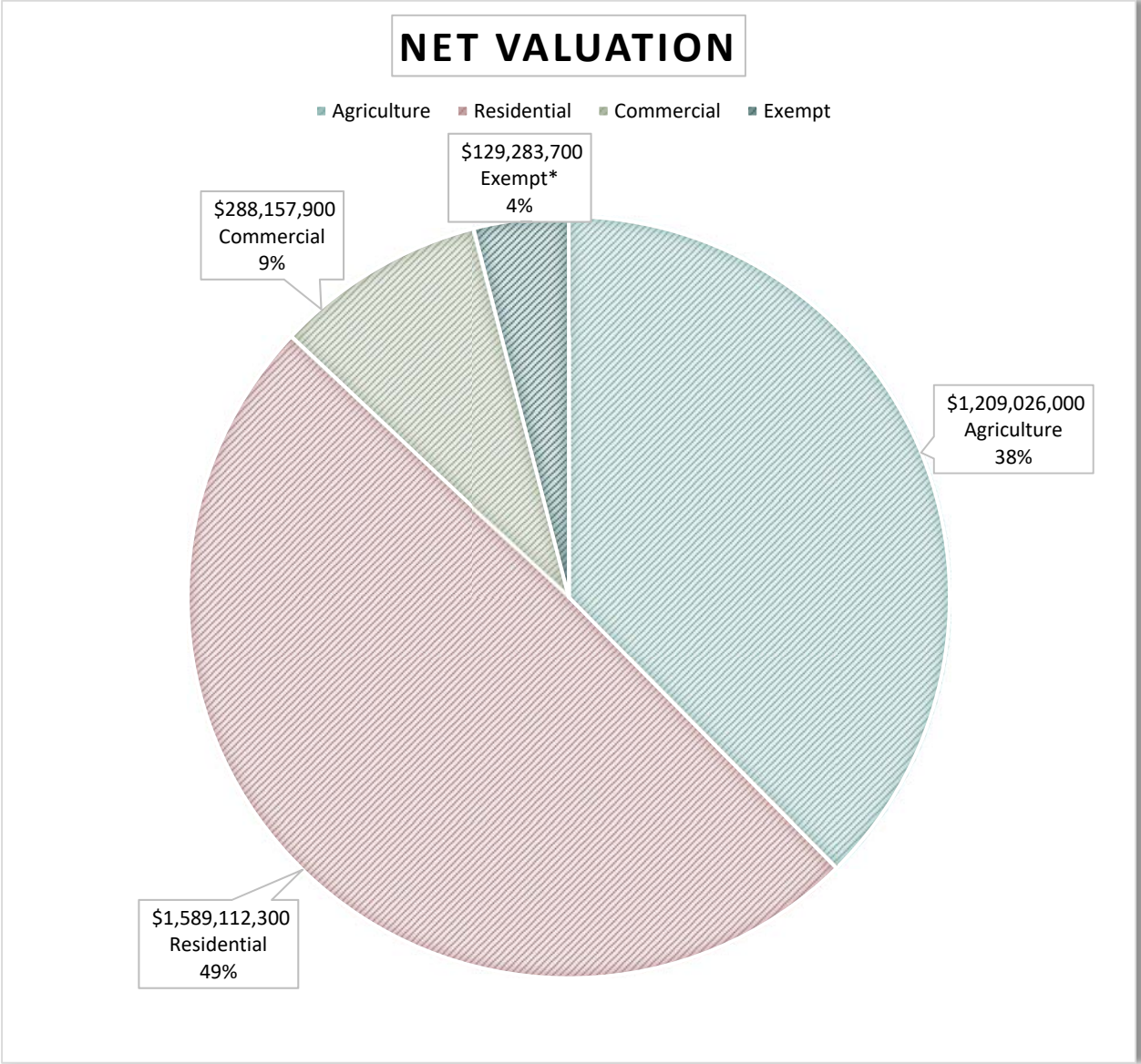
The State Board of Equalization adopted a tolerance level of 90 to 100 percent for agricultural, residential and commercial assessments for the 2018 sales ratio study. This means that our final ratio analysis, after adjustments, must have a median between 90 and 100 percent. The 2018 residential sales resulted in a median of 92.5 percent, which is within the tolerance levels set by the state. Commercial sales followed a similar trend and resulted in a median of 95.4 percent, which is within the appropriate tolerance level. Adjustments made to both classes of property resulted in the final ratios listed below:

2019 Assessment Ratio Study for Cass County

	<u>2018 Measurements</u>		<u>Tolerance</u>
Median Ratio Residential	95.3%	State Mandated	90-100%
Median Ratio Commercial	98.3%	State Mandated	90-100%
PRD Residential	1.00	IAAO Guidelines	0.98 to 1.03
PRD Commercial	1.02	IAAO Guidelines	0.98 to 1.03
COD Residential	8.6%	IAAO Guidelines	Less Than 15%
COD Commercial	8.5%	IAAO Guidelines	Less Than 20%

Valuation by Class

The following chart demonstrates the differences in valuations between the three main classes of property (Agricultural, Commercial, and Residential). Exempt values have been charted to demonstrate the potential value before any credits.



*See Page 10 for breakdown of exemptions

2019 Taxable Valuation

The tax base is a derivative of the taxable valuation throughout Cass County. The value used for the tax base is the true and full value less any exemptions. This is known as the net assessed value as it represents any property subject to taxation in Cass County.

The taxable valuation is determined by applying an assessment ratio of 50% to the appraised value of all taxable property. Then, residential property has a factor of 9% applied and commercial and agriculture use 10%.

The taxable valuation multiplied by the mill levy will determine the total revenue received from property taxes.

The following table provides a projection of the 2019 taxable valuation. The mill levy will not be determined until November and many changes will occur between now and then. Examples of these changes could be from abatements, errors in assessments, or exemptions filed late. I have provided an estimate of these changes as detailed in the “adjustments” portion of the projection below. The table also contains an estimate of value for centrally assessed property. The state calculates centrally assessed property and provides valuations to the county yearly, each fall.

2019 Taxable Valuation Projections

Agriculture	\$ 60,451,300
Residential	\$ 73,525,424
Commercial	\$ 16,787,405
Less Tif	\$ (4,394,880)
Less Adjustments	\$ (200,000)
Plus Centrally Assessed	<u>\$ 7,483,390</u>
Projected Taxable Value	\$ 153,652,639

Ten-Year Valuation History – Excluding Fargo & West Fargo

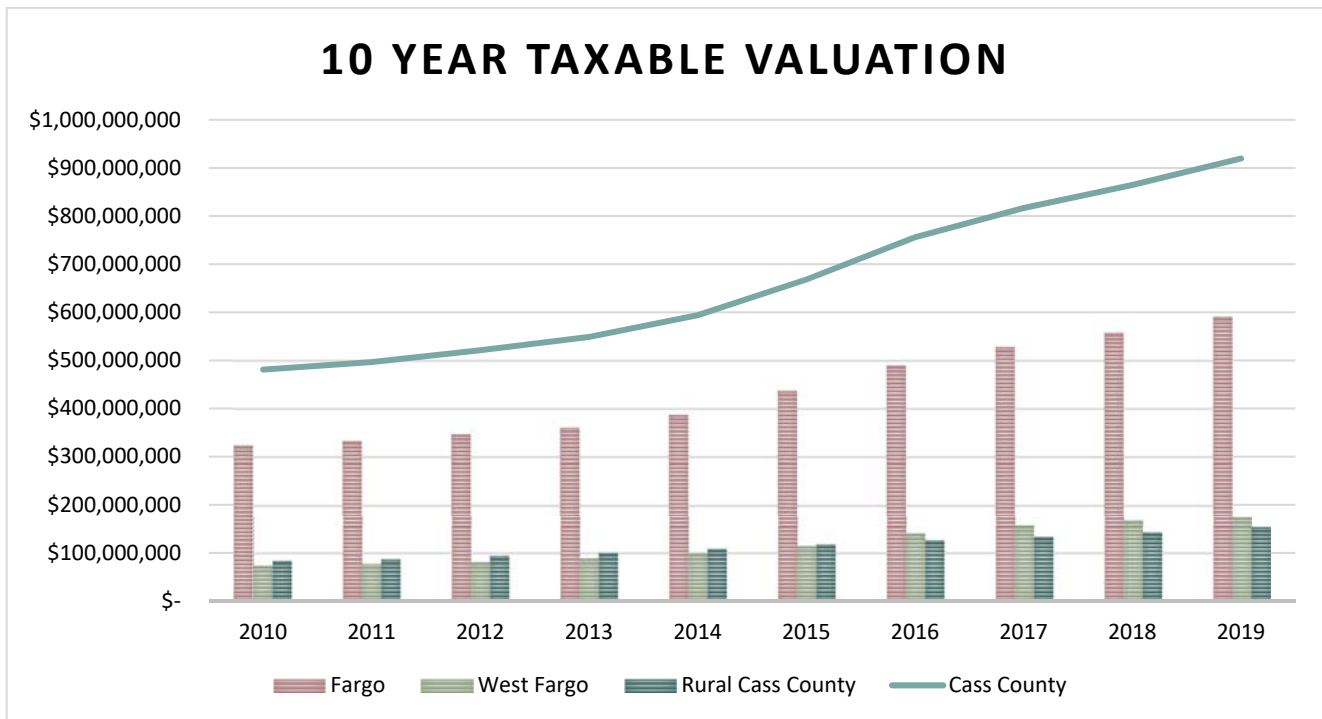
Year	Valuation	Percent Change
2010	\$ 83,612,366	5.6%
2011	\$ 86,576,040	3.5%
2012	\$ 93,765,186	8.3%
2013	\$ 99,905,297	6.5%
2014	\$ 108,123,426	8.2%
2015	\$ 117,639,641	8.8%
2016	\$ 126,128,070	7.2%
2017	\$ 133,043,061	5.8%
2018	\$ 142,584,836	7.2%
2019	\$ 153,652,639	7.8%

Ten-Year Valuation History – Including Fargo & West Fargo

Year	Valuation	Percent Change
2010	\$ 481,032,464	3.6%
2011	\$ 496,726,180	3.3%
2012	\$ 521,035,701	4.9%
2013	\$ 548,847,150	5.3%
2014	\$ 594,023,291	8.2%
2015	\$ 668,216,009	12.5%
2016	\$ 755,904,584	13.1%
2017	\$ 816,943,127	8.1%
2018	\$ 864,329,046	5.8%
2019*	\$ 919,607,408	6.4%

*Projected Taxable Valuation

The chart below demonstrates the Ten-Year Taxable valuation of Cass County along with a breakdown of Fargo, West Fargo, and Rural Cass County.



Taxable Valuation by County

The taxable valuation of a county is made up by the net value of its three classes of property (agricultural, commercial, & residential) as well as the addition of any centrally assessed property. Below is a comparison of the top 10 counties in North Dakota by taxable valuation.

County	Estimated Population*	2018 Taxable Valuation
Cass	181,516	\$ 864,329,046
Burleigh	95,273	\$ 512,560,938
Williams	35,350	\$ 356,700,109
Ward	67,744	\$ 321,545,223
Grand Forks	70,770	\$ 304,731,575
Mckenzie	13,632	\$ 246,074,504
Stark	30,997	\$ 196,053,060
Morton	31,095	\$ 172,699,058
Mountrail	10,218	\$ 129,982,196
Stutsman	20,917	\$ 114,912,613

*Population estimates taken from United States Census Bureau

In 2018, Cass County made up 23.4% of the population of North Dakota and accounted for 18.2% of the taxable valuation in the state of North Dakota.

General Mill Comparison by County

Mill levies are calculated annually by the County Auditor after budget hearings are held and all taxing jurisdictions have reported. The amount each taxing authority receives is reflected on the tax statements mailed in December. The following uses the Cass County median home value of \$223,400 to demonstrate what a property owner would pay to the general mill of the top 10 populated counties in the state.

County	General Mill Levy*	Taxes on Median Value
Ward	51.37	\$ 516.42
Grand Forks	46.91	\$ 471.59
Morton	45.50	\$ 457.41
Stutsman	43.69	\$ 439.22
Stark	32.50	\$ 326.72
Cass	31.00	\$ 311.64
Burleigh	24.01	\$ 241.37
Mountrail	22.98	\$ 231.02
Williams**	8.69	\$ 87.36
Mckenzie**	2.11	\$ 21.21

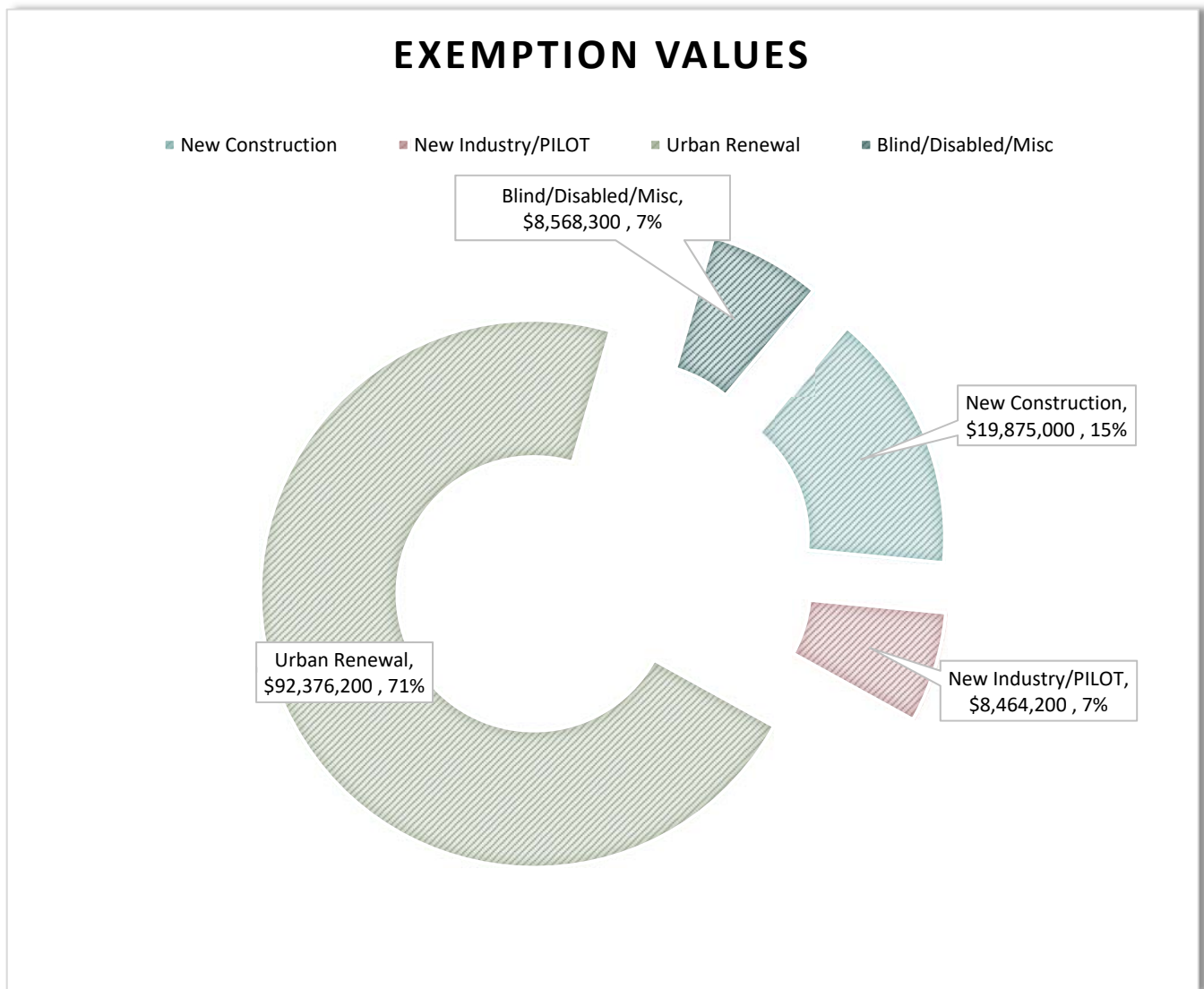
*Taken from ND.gov/tax/tap (Taxpayer Access Point)

**Uncharacteristic amounts of centrally assessed properties led to a diminished mill levy

2019 Exempt Properties

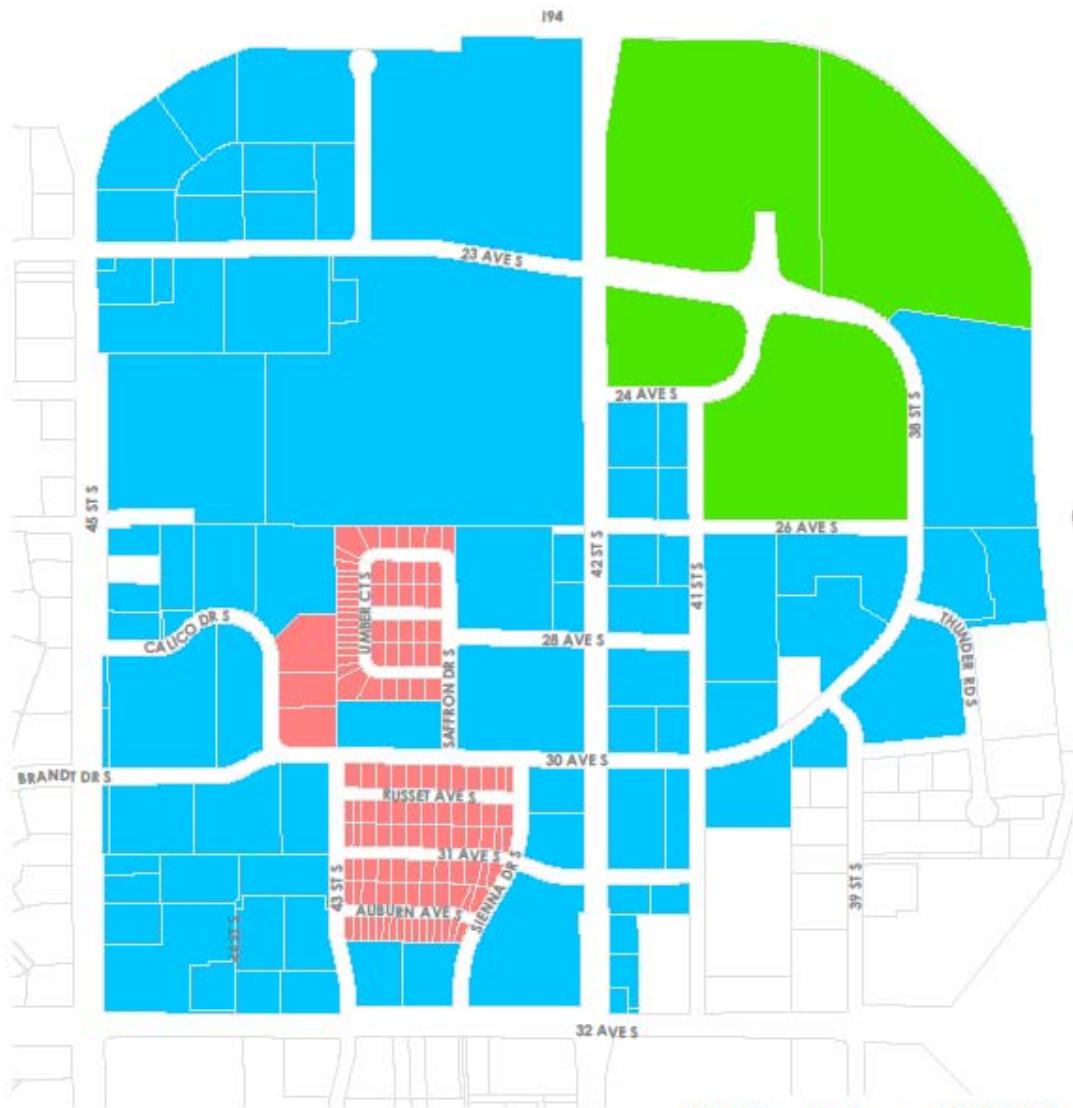
Property tax exemptions are available throughout Cass County and are up to the discretion of each jurisdiction. There are two types of exemptions: discretionary and non-discretionary. Discretionary exemptions include but are not limited to economic expansion, new home construction, or remodeling of a property. Non-discretionary exemptions include but are not limited to; city-owned property, parks and schools.

The chart below illustrates the percentage granted for any discretionary exemption offered throughout Cass County. Discretionary exemptions equate to roughly 6.9% of our residential and commercial valuation and 4% of our overall value.



TIF Districts (Urban Renewal)

Tax Increment Financing (TIF) Districts are set up to help the development of blighted areas. The existing tax base within the district is frozen, and the tax dollars generated by new growth is applied to special assessments. The following portrays the Matrix TIF District in Fargo, which became inactive for 2019.



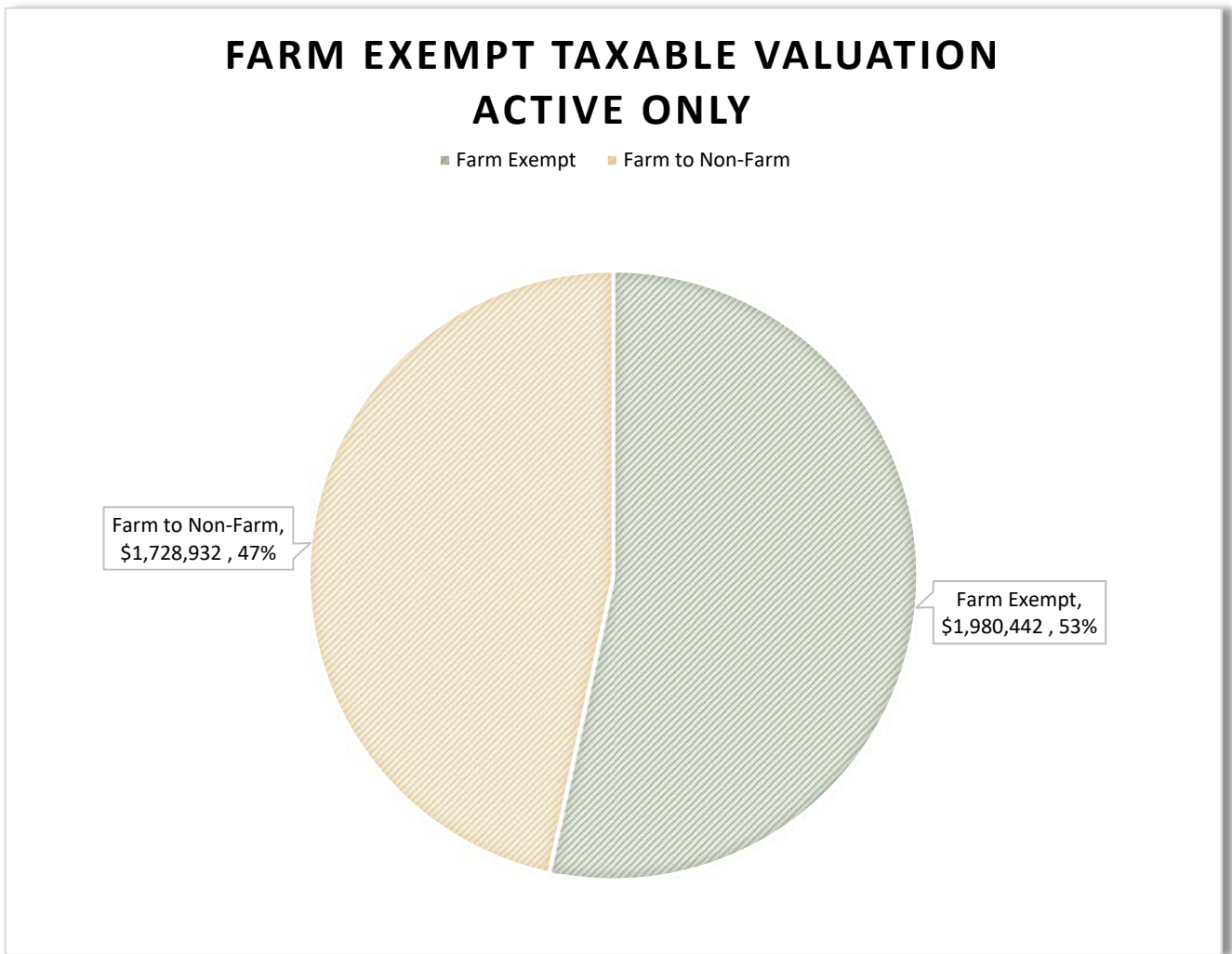
2002 Base Value: \$347,263

Current Value per Use Code:

■ Ag	\$121,100
■ Com	\$208,430,300
■ Res	\$41,582,500
Total	\$250,133,900
Taxable	\$12,298,783

Farm Exemptions

The state of North Dakota exempts the residence of a farmer from taxation if the farmer meets the requirements as set forth in the North Dakota Century Code § 57-02-08(15). Our office performed an audit of all applicants which resulted in 178 farm residences losing their exemptions. This was due to non-farm income totaling more than \$40,000 in the three preceding years or less than 50% of income coming from farming activities.



*The chart uses the median sale price of a home in Cass County, which is \$223,400, to estimate the valuation of farm exempt properties.

Appeal through the Board of Equalization

North Dakota law directs all real property in the state to be assessed as to its value on February 1st of each year. Assessment officials around the state spend most of January, February, and March preparing these values by studying costs to build new, the areas marketing of existing property, and how these factors affected the current valuations. The assessor must notify the property owner whenever the true and full valuation increases by more than 10 percent and \$3,000 over the last assessment. The property owner shall receive a mailed written notice at the property owner's last known address at least 15 days prior to the local board of equalization. The notice must provide the true and full values used by the assessor along with the dates, times, and locations of both the Jurisdiction and the County Board of Equalizations.

Cities are required to hold the City Board of Equalization on the 2nd Tuesday in April and Townships are required to hold the Township Board of Equalization on the 2nd Monday in April. *The County Board of Equalization shall hold its meeting within the first ten days of June.* The State Board of Equalization meets the 2nd Tuesday in August.

A property owner who has questions about their valuation should contact the Assessment Department. They may appear before the Local Board of Equalization and the County Board of Equalization. Either of these boards may reduce the assessment of the property. A property owner can only appeal to the State Board of Equalization if they have appealed to both the local and county boards of equalizations. The decision of the State Board of Equalization is final in this appeal process.

UNDERSTANDING YOUR ASSESSMENT

Most property owners are concerned about the rising property taxes. To express their concern effectively, a property owner must understand the two parts of the property tax system: TAXATION and VALUATION.

WHAT CAUSES PROPERTY VALUES TO CHANGE?

The most obvious reason is that the property itself has changed. An addition to the property, basement finish, or rehabilitation of the property are some of the more common reasons. A less obvious, but more frequent, cause of change is that there was a change in the market itself. If a major employer leaves the area, property values can collapse, or if a once blighted neighborhood with good starter homes sparks interest to young first-time homebuyers, prices can start to rise. Additionally, larger and more expensive homes may take longer to sell, resulting in reduced prices to allow for a quicker sale, while at the same time more affordable housing in high demand creates an increase to value. In a stable neighborhood without any undue influence from the market, inflation alone may increase property values.

PROPERTY OWNER MISCONCEPTIONS

The notion that a change to the assessed value of a property changes the property taxes at the same percentage is one of the biggest misconceptions in property taxation. There are many parts that make up the taxation process that can have as much, if not more, bearing on property tax calculations. Assessors determine the total true and full value of a property using standards and practices set forth by the state. This is the foundation of the property tax system. Assessment officials strive to set fair and

Appeal through the Board of Equalization (Continued)

equitable values for property owners. If true and full values are fair and equitable, then everyone should be paying their fair and equitable share of the property tax. Taxing entities such as county, city, park, and school boards decide how much money their budgets need to operate for the up-coming year. That is how the actual tax dollar is decided. For example: the combined budget for all taxing entities is \$1,000,000 and the assessor has determined that the total valuation of all taxable property is \$100,000,000. A tax rate is calculated by dividing the amount of needed tax collections by the total valuations. $1,000,000 / 100,000,000 = 1$ percent tax rate. On a \$100,000 valuation the taxes would equate to be \$1,000. If the assessor doubles all property valuations and the budget amount remains the same, the tax rate is reduced, but the tax amount stays the same. $1,000,000 / 200,000,000 = 0.5$ percent tax rate. On a now \$200,000 valuation, the taxes would still equal out to \$1,000. The property valuation doubled but the taxes remained the same. If the property value increases but the taxing authority maintains the current tax rate, the taxes will rise. The jurisdictions can receive more money without changing the tax rate because the value increased. $\$200,000 \times .01 = \$2,000$. Likewise, if the assessor was to lower all valuations by 25% and the budget amount remained the same, the tax rate would increase, and the tax amount would remain the same even though the valuation decreased. $\$1,000,000 \text{ budget} / 75,000,000 = .0134$ tax rate. A previous value of \$100,000 lowered to \$75,000 would still pay \$1,000 in taxes. $\$75,000 \times .0134 = \$1,000$.

WHAT IF THE VALUATION IS INCORRECT?

If a property owner believes the true and full value of their property is incorrect, they should contact the assessor's office for a review. The property owner should ask:

1. How the assessor values property.
2. How to gather information about their property and comparable properties.
3. How the appeal process works and what the deadlines are.

It is the property owner's responsibility to furnish good information about their property to the assessor. An appraisal of your property is only as good as the known information. A property owner would not want to seek a mortgage on the property without a private appraiser knowing all there is regarding the property. Likewise, a property owner can't expect an assessor to fairly assess their property without knowing all there is regarding the property.

CAN A PROPERTY OWNER APPEAL?

An assessment appeal is not for complaints about high property taxes. If, as a property owner, you feel that your property taxes are too high, you will NOT win an appeal. High property taxes are an issue for the entities who determine budgets.

A valuation can be appealed if:

1. Items that are affecting the valuation are incorrect on the property records. For example, there is only one bath, not two; a double stall garage not a triple; or the square footage of property is wrong.
2. Evidence that comparable properties are selling for less than the true and full valuation of your property.

Appeal through the Board of Equalization (Continued)

3. The property valuation is accurate, but unfair, because it is higher than the property valuation of similar properties.
4. Property is eligible for an exemption that was not granted by the assessment officials.

If a property owner believes there may be a possible error in their valuation, the first step would be contacting the assessor's office for an informal meeting to discuss the valuation. At this meeting, you can expect to:

1. Review the facts of the property record with the assessment personnel.
2. Determine if the information is correct pertaining to your property.
3. Develop an understanding of how your property is valued.
4. Check that the value is fair when compared to other similar properties in your neighborhood.
5. Determine if any exemptions or credits are available to ease your tax burden.

Information regarding a formal appeal of your valuation can be obtained from your assessor. Remember, you will not win an appeal because you feel that taxes are too high. The appeal is only for determining if your valuation is a fair and equitable representation of the market.

For a formal appeal, a property owner must have documentation showing that the valuation is incorrect. A board of appeals will not decide that your valuation is incorrect unless supporting evidence proves otherwise; they will not take your word on it. The assessment staff will be there with documentation to inform the board of how the valuation was determined. The property owner must be able to prove to the board that there is a problem with the valuation. At an appeal hearing, the burden of proof lies with the appellant; therefore, it is our recommendation to provide the following:

1. Comparable properties in the current market that currently assessed less than your property.
2. A recent appraisal of your property which indicates true and full market value, not just what a bank is willing to lend on.
3. Copies of your property records, and neighboring property records, which show inequities amongst values.
4. Recent sale information regarding similar properties with documentation to prove the properties are comparable.

An appeal board is only interested in the fairness and accuracy of the value placed on the property. They are not able to lower valuations because the property owner cannot afford to pay the taxes or feels that the property tax is too high. The assessment staff is here to assist the public and educate property owners about the assessment process. Staff is trained to be respectful, calm, polite and helpful. If a property owner returns the same respect, the staff is better able to concentrate and be more helpful in gathering the information needed for an appeal.

Sales Ratio Explained

The sales ratio study is conducted annually by the ND State Tax Commissioner's Office to ensure that the local jurisdictions comply with setting appropriate property values. Every sale of property in Cass County is filed with the state indicating the adjusted sales price (house, lot, and special assessment balance) and the true and full value. If the prior year sales percentage is not within the tolerance range, which for 2019 is 90-100% of the true and full value, then Cass County would need to increase the valuations to bring the overall values into compliance. Value adjustments for new construction or exemptions expiring are not considered in these increases.

DEFINITIONS

- Median Ratio: A measure of central tendency. Median is affected by the number of observations and is not distorted by the size of extreme ratios. The State Board of Equalization, when equalizing residential and commercial property assessments, uses this. Individual ratios of the sales are arranged in order of magnitude, and then the middle ratio in the series is the "Median Ratio".
- Price Related Differential: A measurement of the relationship between the ratios of high-value and low-value properties to determine if the value of property has any influence on the assessment ratio. If the PRD is 1.00, there is no bias in the assessment of high-value properties in comparison to those for low-value properties. If the PRD is greater than 1.00, then owners of lower-value properties are paying a greater amount of tax relative to the owner of a high-value property. Conversely, if the PRD is lower than 1.00, the opposite is true.
- Coefficient of Dispersion: The most generally useful measure of variability is the coefficient of dispersion (COD). It measures the average percentage deviation of the ratios from the median ratio or how far from the median point, most of the property falls. The tighter the range the better and more equalized your property valuations are.

Exemptions Explained

There are two types of exemptions allowed under North Dakota Statute. They are discretionary and non-discretionary. To better understand the dollar effect that exemptions have on a political subdivision, it is best to understand the difference between discretionary and non-discretionary exemptions.

DISCRETIONARY

Discretionary exemptions are those exemptions that a governmental body can choose to grant or not grant. Jurisdictions throughout Cass County currently have the following discretionary exemptions available to property owners:

1. Residential Exemption for New Construction, which offers up to a \$150,000 reduction of the building's value on newly constructed homes for the first two full years after completion of construction. The builder is also afforded a one-year exemption for single-family homes up to \$150,000 on five homes only. This exemption is filed for upon purchase of the home for the buyers and by February 1st of each year for the builders.
2. Remodeling Exemption for Improvements to Commercial and Residential Buildings offers an exemption on only the new value added by the project. The exemption can be for 3 or 5 years depending on the scope of the project. The property continues to pay property tax on the existing value. The exemption must be filed for prior to February 1st of the year following the completion of the project. It is an exemption that is granted to both residential and commercial projects.
3. New and Expanding Industry Exemption and the Payment In Lieu of Tax (PILOT) programs offer businesses that are expanding an opportunity to forgo taxes or make a payment in lieu on the project by meeting specific guidelines set forth by the city. This program is used by businesses that have expanded the size of their facility or have built a larger facility to expand into. The exemption, depending on the scope of the project, can be for 5 to 10 years. The New & Expanding Industry exemption must be applied for prior to start of construction and the PILOT must be applied for prior to occupancy. The eligibility for continuance is reviewed annually by the City Commission.
4. Renaissance Zones were created by some jurisdictions to help in the restoration of core areas of their cities. This is the only exemption that collaborates with the State of North Dakota allowing for income tax exemptions as well as five years of property tax exemptions. It applies to both residential and commercial property projects and must be applied for and granted by both the city and the state prior to start of construction.
5. Tax Increment Financing Districts are set up to help in the development of blighted areas. The existing tax base is frozen, and the tax dollars generated by new growth in the TIF is applied to special assessments.

Exemptions Explained (Continued)

6. Disability Exemptions and Credits are available for low-income senior citizens and disabled persons through a variety of exemptions. According to statute, these exemptions reduce the amount of tax paid by service-connected disabled veterans, low income seniors /disabled persons, the blind, or wheel chair property owners. The exemptions and credits range from \$100,000 to \$160,000 of the structure's value. Most applicants must apply annually for the credits. The State of ND refunds jurisdictions for the tax payments lost to credits.

NON-DISCRETIONARY

Non-discretionary exemptions are those properties that are given exemptions by the North Dakota statute. Local governmental agencies have no control over whether these exemptions are granted or not. Listed below are property ownership types that are entitled to non-discretionary exemptions:

1. Government Owned Properties such as those owned by cities, schools, park districts, and state or federal government. Buildings like County Court House, the High School, or the Post Office are never added to the tax rolls. These types of property do not even have an application process but are simply granted an exemption due to ownership.
2. Religious Organization's Properties that are used exclusively for religious purposes like churches, parsonages, parking lots, or cemeteries are exempt from taxation. If a religious organization were to hold a vacant lot among their assets not used in conjunction with the church, that lot is taxable. Along the same lines, if a church owned the apartment building next door for future expansion, the apartment building is taxable. Religious organizations file an annual application for the exemption.
3. Charitable Property that is owned by for non-profit entities is eligible for exemptions. Some examples are Sheyenne Crossing's nursing home facility and the home for unwed mothers. Lodges such as the VFW are exempt on portions of their building used exclusively by the organization and not open to the public. These types of organizations apply annually for their exemption.
4. Group Homes used to care for dependent individuals also are granted non-discretionary exemptions through an annual application process.
5. Farmers are given an exemption on their buildings used for agricultural purposes and on their homes.

EFFECT OF THE EXEMPTIONS

1. Exemptions reduce the tax base for all political subdivisions in which the property is located. A reduced tax base means reduced tax revenues collected by political subdivisions. When a jurisdiction grants an exemption, the loss of revenue is felt mainly by the school district which receives the largest share of the tax dollar.

Exemptions Explained (Continued)

2. An exemption affects the county, city, water districts, state, and park districts. Therefore, it is the jurisdictions responsibility to act wisely and prudently when granting exemptions. Jurisdictions must look for future revenue and other benefits received from those granted exemptions to see if they outweigh the tax dollars lost.
3. Property exempt by local discretion or charitable status may be included in optional levy calculations, thereby allowing collection of revenue by raising the tax rate on taxable property. (NDCC § 57-15-01.1) This results in a higher mill rate and higher taxes on taxable property while no taxes are levied on exempt property.

COUNTY BOARD OF EQUALIZATION STATUTES
CHAPTER 57-12
COUNTY BOARD OF EQUALIZATION

Section

- 57-12-01. Membership of Board – Meeting – Spot Checks**
- 57-12-02. Unorganized Territory**
- 57-12-03. Duties of Auditor**
- 57-12-04. Duties of Board**
- 57-12-05. Requirements**
- 57-12-06. Limitations on increase**
- 57-12-08. Auditor Correction Abstracts**

57-12-01. Membership of board - Meeting - Required attendance of certain officials.

The board of county commissioners shall meet within the first ten days of June of each year and shall constitute a board of equalization of the assessments made within the county. The chairman of the board shall preside. The county board of equalization shall conduct a continuous day-to-day meeting, not to include Saturdays, Sundays, or legal holidays, until it has completed all duties prescribed by this chapter. The first order of business must be the equalization of assessments of property assessed by city boards of equalization. The second order of business must be the equalization of assessments of property assessed by township boards of equalization. The chairman of each city board of equalization, or the chairman's appointed representative, and each city assessor must be present at such meeting during the first order of business. The chairman of each township board of equalization, or the chairman's appointed representative, and each township assessor must be present at such meeting during the second order of business. Each person required by this section to attend the meeting of the county board of equalization must be compensated at a rate not to exceed ten dollars per day for each day actually and necessarily spent in attendance at such meeting plus the same mileage and expenses as are authorized for subdivision employees and officials. Such per diem and expenses must be paid by the city or township in the same manner as other city or township expenses are paid.

57-12-01.1. Spot checks of real property.

Prior to the annual meeting of the county board of equalization, the board of county commissioners of each county within this state shall provide for spot checks upon property within each county to properly verify the accuracy of the real property listings and valuations. The spot checks must be reviewed by the county boards of equalization at their annual meeting in June and such boards shall make the necessary corrections in the property assessment listings and valuations. Such changes in the assessments must be made in accordance with the provisions of this chapter. In case any person whose duty it is to list property with the assessor refuses to list such property or intentionally omits a portion of such property in the person's listing as indicated by the spot check, the county boards of equalization, as a penalty for such refusal or omission, may make an added assessment on such property of twenty-five percent in excess of its true valuation. The board of county commissioners may select such persons or agencies as may be necessary to carry out the provisions of this section and provide for their compensation.

57-12-02. Duties of board as to assessments in unorganized territory.

The members of the board of county commissioners also shall meet as a board of equalization as respects all assessments made in assessment districts not embraced in a city or organized township, and shall perform the duties prescribed for a township board of equalization as respects unorganized territory, and such board must be regarded as the local board of equalization for such territory.

57-12-03. Duties of county auditor.

The county auditor shall act as clerk of the county board of equalization and shall keep an accurate journal or record of the proceedings and orders of said board, showing the facts and evidence upon which, its action is based. Such record must be published as other proceedings of the board of county commissioners are published, and a copy of such published proceedings must be transmitted to the state tax commissioner with the abstract of assessment required by law.

57-12-04. Duties of board.

At its meeting, the county board of equalization shall examine and compare the assessments returned by the assessors of all the districts within the county and shall proceed to equalize the same throughout the county between the several assessment districts.

57-12-05. Requirements to be followed in equalization of individual assessments.

The county board of equalization, when equalizing individual assessments, shall observe the following rules:

1. The valuation of each tract or lot of real property which is returned below its true and full value must be raised to the sum believed by such board to be the true and full value thereof.
2. The valuation of each tract or lot of real property which, in the opinion of the board, is returned above its true and full value must be reduced to such sum as is believed to be the true and full value thereof.

57-12-06. County board of equalization - Equalizing between assessment districts and between properties - Limitation on increase - Notice.

1. The rules prescribed in section 57-12-05 apply when the board of county commissioners is equalizing assessments between the several assessment and taxing districts in the county provided that in such case, except as otherwise provided in subsection 2, the board may raise

or lower the valuation of classes of property only so as to equalize the assessments as between districts. If the board orders an increase under this subsection, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.

2. Notwithstanding any other provision of this section:
 - a. The county board of equalization after notice to the local board of equalization may reduce the assessment on any separate piece or parcel of real estate even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not reduce any such assessment unless the owner of the property or the person to whom it was assessed first appeals to the county board of equalization, either by appearing personally or by a representative before the board or by mail or other communication to the board, in which the owner's reasons for asking for the reduction are made known to the board. The proceedings of the board shall show the manner in which the appeal was made known to the board and the reasons for granting any reduction in any such assessment.
 - b. The county board of equalization after notice to the local board of equalization may increase the assessment on any separate piece or parcel of real property even though such property was assessed in a city or township having a local board of equalization. The county board of equalization may not increase the valuation returned by the assessor or the local board of equalization to an amount that results in a cumulative increase of more than fifteen percent from the amount of the previous year's assessment without giving the owner or the owner's agent notice by mail to the owner of the property that such person may appear before the board on the date designated in the notice, which date must be at least five days after the mailing of the notice. The county auditor as clerk of the board shall send such notice to the person or persons concerned. If the board orders an increase under this subdivision, the board must comply with any requirement for notice of an assessment increase under section 57-02-53.
 - c. If the county board of equalization during the course of its equalization sessions determines that any property of any person has been listed and assessed in the wrong classification, it shall direct the county auditor to correct the listing so as to include such assessment in the correct classification.
3. The owner of any separate piece or parcel of real estate that has been assessed may appeal the assessment thereon to the state board of equalization as provided in section 57-13-04; provided, however, that such owner has first appealed the assessment to the local equalization board of the taxing district in which the property was assessed and to the county board of equalization of the county in which the property was assessed. Notwithstanding this requirement, an owner of property which has been subjected to a new assessment authorized under section 57-14-08 may appeal the new assessment to the state board of equalization in the manner provided for in section 57-14-08.

57-12-07. Township and municipal officers to advise with board.

Repealed by S.L. 1963, ch. 381, § 2.

57-12-08. Auditor to correct list and send abstract to state tax commissioner.

The county auditor shall calculate the changes in the assessment lists determined by the county board of equalization and shall make corrections accordingly. After making such corrections, the county auditor shall make duplicate abstracts of the real property lists, one copy of which must be filed in the office of the county auditor and one copy of which must be forwarded to the state tax commissioner on or before the last day of June following each county equalization.

57-12-09. Notice of increased assessment to real estate owner.

Repealed by S.L. 2015, ch. 437, § 6.

Appendix A

RECOMMENDED VALUE BY JURISDICTION

Line	Jurisdiction	Value by class to reach market			
		Commercial		Residential	
		Land	Improvements	Land	Improvements
1.	Alice City	\$ 65,200	\$ 657,400	\$ 183,700	\$ 1,098,900
2.	Ayr Twp	\$ 23,100	\$ 866,800	\$ 156,000	\$ 975,100
3.	Buffalo Twp	\$ 52,500	\$ 25,200	\$ 615,000	\$ 3,641,400
4.	Clifton Twp			\$ 336,200	\$ 1,956,000
5.	Cornell Twp	\$ 1,100	\$ 6,300	\$ 336,000	\$ 1,636,900
6.	Dows Twp			\$ 360,000	\$ 1,969,600
7.	Empire Twp	\$ 1,400	\$ 20,300	\$ 380,300	\$ 2,675,800
8.	Erie Twp	\$ 6,100	\$ 118,300	\$ 344,500	\$ 2,127,600
9.	Hill Twp	\$ 200	\$ 47,400	\$ 352,400	\$ 2,446,500
10.	Hunter Twp	\$ 10,000	\$ 190,000	\$ 528,900	\$ 4,386,500
11.	Lake Twp	\$ 400		\$ 208,200	\$ 1,043,200
12.	Page Twp	\$ 23,400	\$ 374,200	\$ 178,200	\$ 1,288,100
13.	Rich Twp	\$ 1,300	\$ 20,300	\$ 289,300	\$ 2,048,400
14.	Tower Twp	\$ 171,600	\$ 1,883,900	\$ 319,300	\$ 1,457,300
15.	Watson Twp	\$ 3,800	\$ 27,300	\$ 535,400	\$ 3,072,100

Tax Equalization Personnel

Jenni Krieg	Principal Clerk/Appraisal Tech
Greg Landa	Property Appraiser II
Nolan Meidinger	Property Appraiser II
Jaret Thompson	Property Appraiser II
Paul Fracassi	Director of Equalization

Our staff is committed to maintaining, understanding, and implementing nationally accepted mass appraisal practice throughout the Cass County Region. We follow the guidance of the North Dakota Tax Commissioner’s Office as well as the North Dakota Century Code. Our goal is to create transparency and uniformity through fair and equitable assessments, which in turn will provide a just tax base to our citizens.