

City of Grand Forks
Assessing Department
ANNUAL REPORT



To the Grand Forks City Board of Equalization

May 5, 2014

Overview of the Assessment Function:

Board of Equalization

As required by the N.D.C.C. 57-11-01 the Grand Forks City Council meets in April of each year as the **City Board of Equalization**. This is an opportunity for any property owner to formally protest the current year's value of a property. The Board of Equalization will hear any protests, and has the authority to adjust the value as it determines is "reasonable and just".

A property owner who disagrees with the recommendation of the City Board can take their concern to the **County Board of Equalization** in June.

A property owner who has protested to the City and County Boards of Equalization, and is not satisfied, can protest to the **State Board of Equalization** which meets in August.

Assessing Department Function

The Assessing Department is responsible for identifying all real property within the City of Grand Forks and determining the corresponding value which is used for property tax purposes. This includes appraisals of all new construction each year, as well as updating the value of existing properties when changes occur. The Assessing Department is also charged with verifying various properties that qualify for tax exemptions and credits as specified in the North Dakota Century Code.

For 2014, the State Board of Equalization is requiring a level of tolerance between 90% and 100% of True and Full Value (market value). This means that the median sales ratio of all usable sales must fall within this range. Equity of appraisals between properties is required and is always essential in any valuation. A full description of City valuation including new construction, revaluation, exemptions and credits is included in the following pages.

Property Taxes

The total property taxes collected annually is a product of the various taxing authority budgets (City, County, School, Park). The total of the budgets of these entities is divided by the total City valuation and the result is the mill levy.

The following summarizes the calculation of 2013 property taxes for properties appraised at \$150,000:

Residential: \$150,000 x 50% (assessment ratio) = \$75,000 Assessed Value
 \$75,000 x **9% (residential ratio)** = \$6,750 Taxable Value
 \$6,750 x .36771 (Mill Levy- 2013) less 12% Legislative Tax Relief = **\$2,184.20 Gross Tax**
 \$2,184.20 less 5% discount = **\$2,074.99 Net Tax**

Commercial & Agricultural: \$150,000 x 50% (assessment ratio) = \$75,000 Assessed Value
 \$75,000 x **10% (agricultural and commercial ratio)** = \$7,500 Taxable Value
 \$7,500 x .36771 (Mill Levy- 2013) less 12% Legislative Tax Relief = **\$2,426.89 Gross Tax**
 \$2,426.89 less 5% discount = **\$2,305.55 Net Tax**

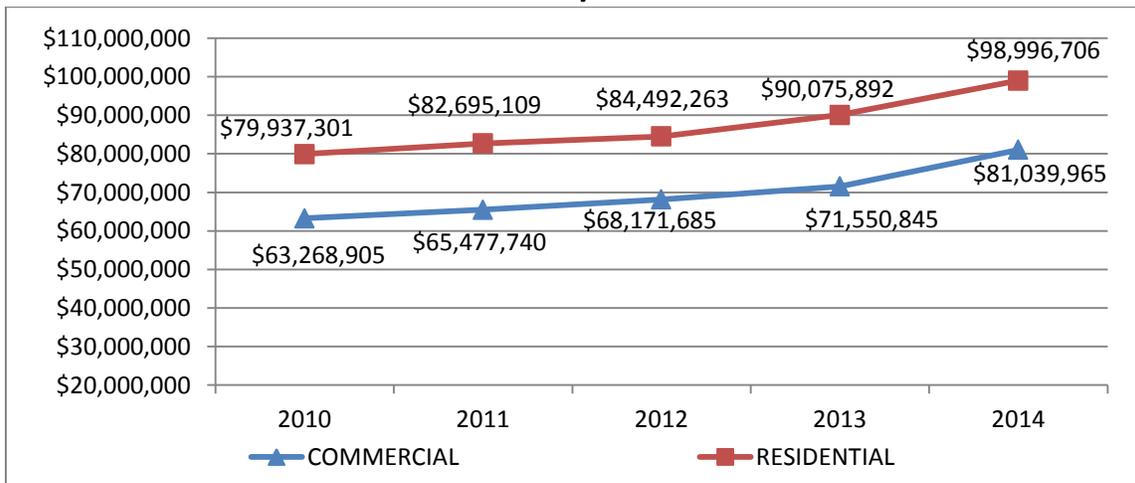
2014 TAXABLE VALUATION

The taxable valuation is the amount that is considered the tax base for the City of Grand Forks. This accounts for the removal of exempt property values and represents the net assessed value of all property in the city subject to property taxation. The taxable valuation multiplied by the mill levy will determine the total revenue to be received from property taxes.

GRAND FORKS TOTAL TAXABLE VALUE/5-YEAR TREND					
	2010	2011	2012	2013	2014
AGRIGULTURAL	\$23,720	\$25,090	\$31,715	\$39,590	\$40,995
COMMERCIAL	\$63,268,905	\$65,477,740	\$68,171,685	\$71,550,845	\$81,039,965
RESIDENTIAL	\$79,937,301	\$82,695,109	\$84,492,263	\$90,075,892	\$98,996,706
DISABLED VET CREDIT		-\$733,905	-\$745,252	-\$885,319	-\$950,817
SENIOR CITIZEN CREDIT	-\$685,168	-\$682,937	-\$729,440	-\$1,148,891	-\$1,578,590
TAX INCREMENTS	-\$45,734	-\$26,690	-\$26,690	-\$26,690	-\$26,690
PUBLIC UTILITES	\$2,546,851	\$2,144,094	\$2,554,575	\$2,678,718	\$2,678,718
TOTAL TAXABLE VALUE	\$145,045,875	\$148,898,501	\$153,748,856	\$162,284,145	\$180,200,287
% CHANGE OVER PRIOR YEAR	3.42%	2.66%	3.26%	5.55%	11.04%

Note: Taxable value equals 4.5% of market value for residential property and 5% of market value for all other property.

TAXABLE VALUE / 5 YEAR TREND



CITY OF GRAND FORKS

2013-2014 PRELIMINARY COMPARISON OF TAXABLE VALUES

CLASS OF PROPERTY	2013 TAXABLE VALUE	INCREASE/ DECREASE	% CHANGE	2014 TAXABLE VALUES
AGRICULTURAL LAND (814.264 Ac.)	39,590	1,405	3.55%	40,995
COMMERCIAL REAL ESTATE	71,550,845	9,489,120	13.26%	81,039,965
RESIDENTIAL REAL ESTATE	90,075,892	8,920,814	9.90%	98,996,706
SUB-TOTALS	161,666,327	18,411,339	11.39%	180,077,666
DISABLED VETERAN CREDITS	(885,319)	(65,498)	7.40%	(950,817)
SENIOR CITIZEN TAX CREDIT	(1,148,891)	(429,699)	37.40%	(1,578,590)
INCREMENTS	(26,690)	-	0.00%	(26,690)
**PUBLIC UTILITIES	2,678,718	-	0.00%	2,678,718
TOTALS	162,284,145	17,916,142	11.04%	180,200,287

**Public Utilities are assessed by the State Board of Equalization which meets in August of each year.

\$17,916,142 is the Total Estimated Increase in Taxable Value for 2014

\$6,530,826 or 36.5% of Total Estimated Increase is the Increase from all changes excluding Revaluation.

\$11,385,316 or 63.5% of Total Estimated Increase is the Increase from Revaluation.

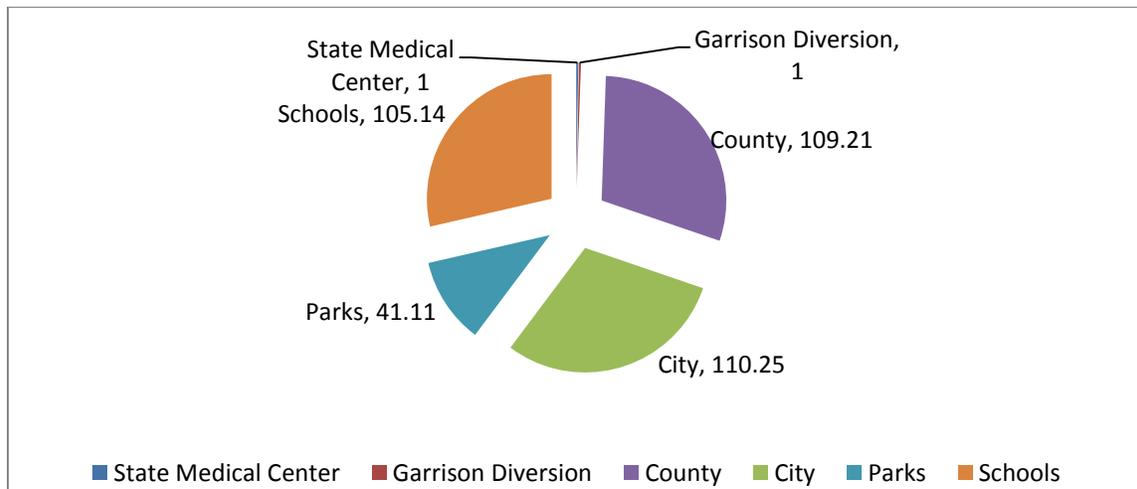
2013-2014 CHANGES IN TAXABLE VALUE OF REAL ESTATE

REASON FOR CHANGE	AGRICULTURAL		COMMERCIAL		RESIDENTIAL			GRAND TOTAL
	LAND	LAND	IMPROVEMENTS	NET TOTAL	LAND	IMPROVEMENTS	NET TOTAL	
ANNEXATIONS	1,540	181,430	0	181,430	114,138	404,154	518,292	701,262
DEMOLITION	0	0	(60,725)	(60,725)	0	(13,725)	(13,725)	(74,450)
EXEMPT TO TAXABLE	0	25,730	19,710	45,440	5,868	5,778	11,646	57,086
NEW CONSTRUCTION & EXNC	0	0	4,673,815	4,673,815	0	2,099,965	2,099,965	6,773,780
RECLASSIFICATION	(5,660)	(137,925)	(5,855)	(143,780)	129,227	5,270	134,496	(14,944)
TAXABLE TO EXEMPT	(235)	(43,420)	(365,550)	(408,970)	(2,484)	(5,022)	(7,506)	(416,711)
REVALUATION	5,760	1,566,310	3,635,600	5,201,910	924,903	5,252,743	6,177,646	11,385,316
Total 2014 Changes	1,405	1,592,125	7,896,995	9,489,120	1,171,652	7,749,163	8,920,814	18,411,339

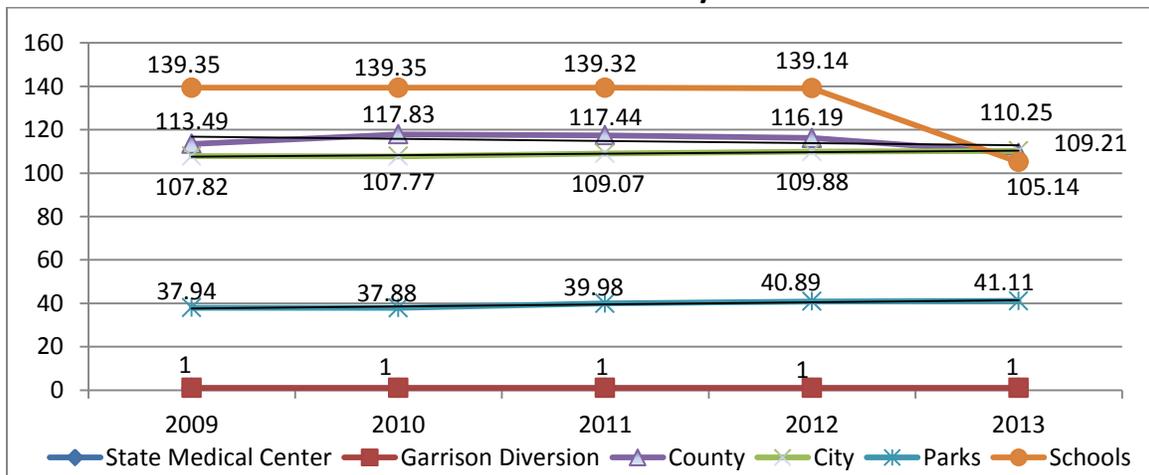
CITY OF GRAND FORKS MILL RATE COMPARISON

POLITICAL ENTITY	2009	2010	2011	2012	2013	12 to '13 % Change	09 to '13 % Change
State Medical Center	1	1	1	1	1	0	0
Garrison Diversion	1	1	1	1	1	0	0
County	113.49	117.83	117.44	116.19	109.21	-6.01%	-3.77%
City	107.82	107.77	109.07	109.88	110.25	0.34%	2.25%
Parks	37.94	37.88	39.98	40.89	41.11	0.54%	8.36%
Schools	139.35	139.35	139.32	139.14	105.14	-24.44%	-24.55%
Total	400.60	404.83	407.81	408.10	367.71	-9.90%	-8.21%

2013 CITY OF GRAND FORKS MILL RATE



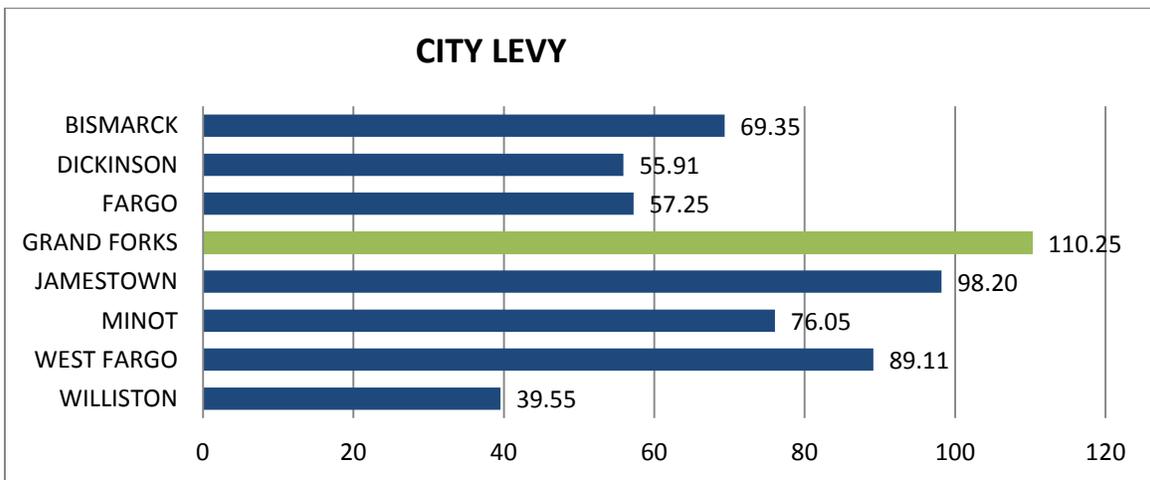
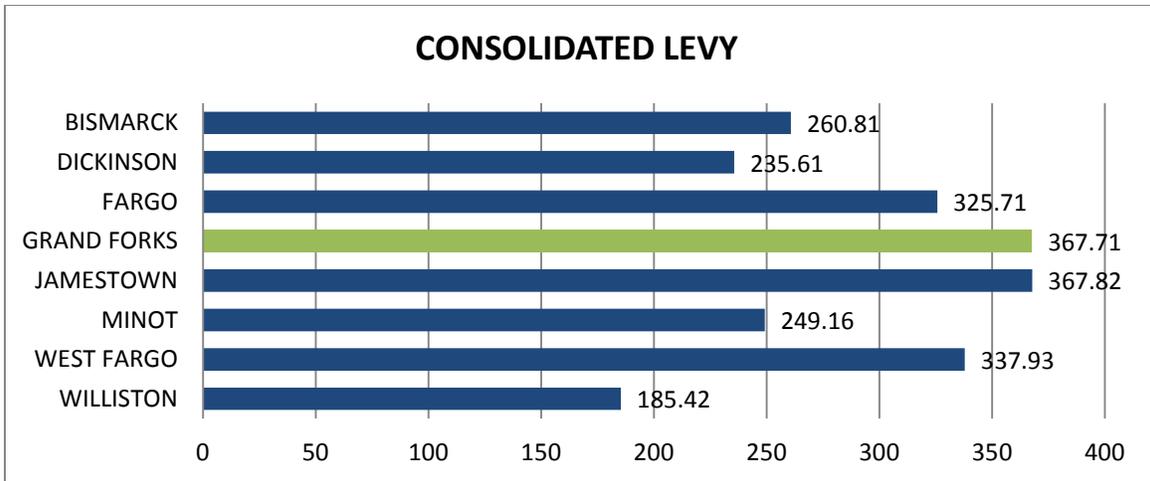
MILL RATES BY TAXING ENTITY/5-YEAR TREND



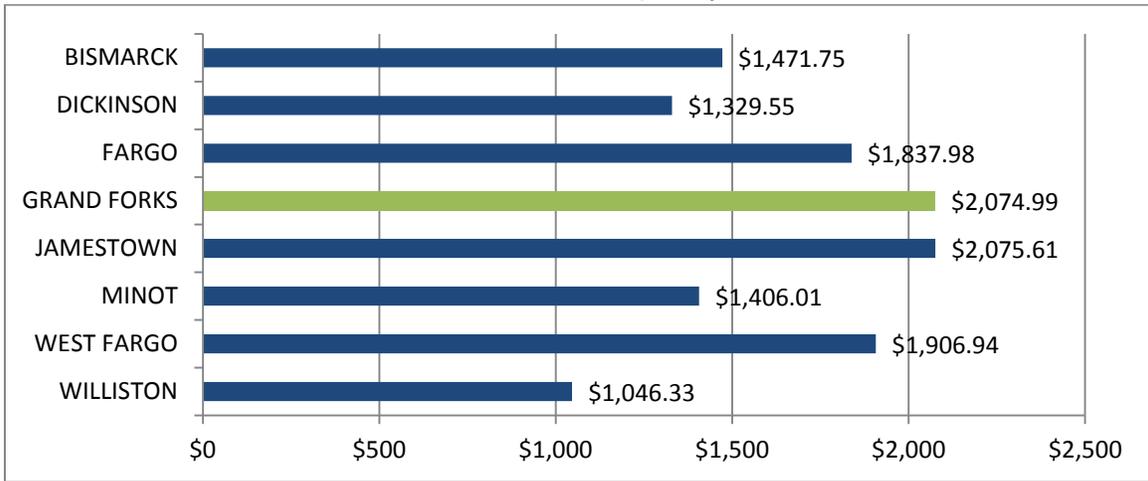
MAJOR ND CITY MILL RATE COMPARISON

MILL RATE COMPARISON-2013

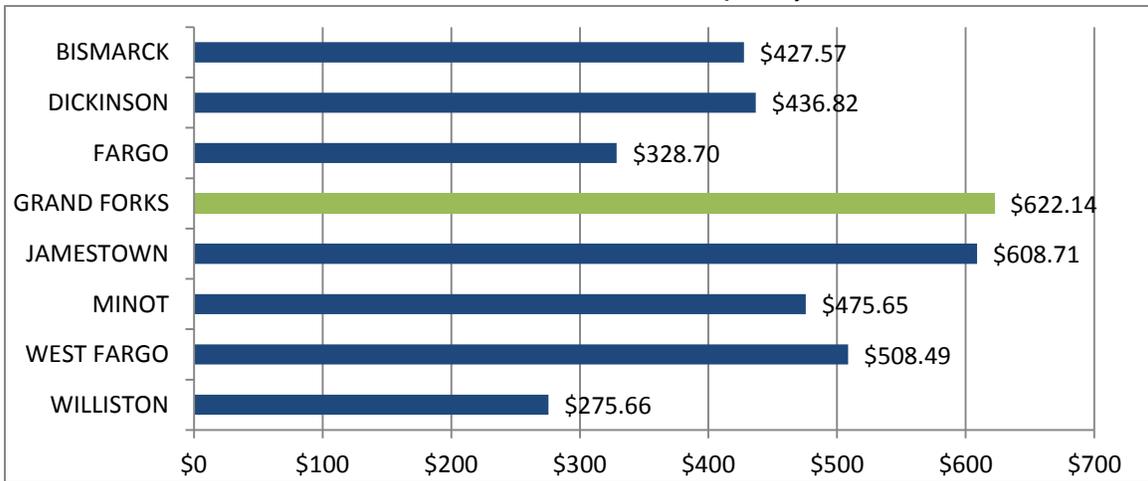
CITY	TAXABLE VALUATION	2013 POPULATION	STATE/COUNTY LEVY	SCHOOL LEVY	CITY LEVY	PARK LEVY	OTHER LEVY	TOTAL LEVY
WILLISTON	\$85,848,776	33,500	63.03	81.02	39.55	0.00	1.82	185.42
WEST FARGO	\$88,770,277	29,600	63.67	142.20	89.11	32.45	10.50	337.93
MINOT	\$190,733,335	40,888	63.02	81.98	76.05	28.11	0.00	249.16
JAMESTOWN	\$30,528,629	15,500	108.19	101.82	98.20	44.11	15.50	367.82
GRAND FORKS	\$162,284,145	54,358	111.21	105.14	110.25	41.11	0.00	367.71
FARGO	\$360,271,576	110,000	63.67	165.35	57.25	30.74	8.70	325.71
DICKINSON	\$87,409,476	25000-30000	86.44	75.32	55.91	14.94	3.00	235.61
BISMARCK	\$254,647,467	64,751	51.28	101.68	69.35	38.50	0.00	260.81



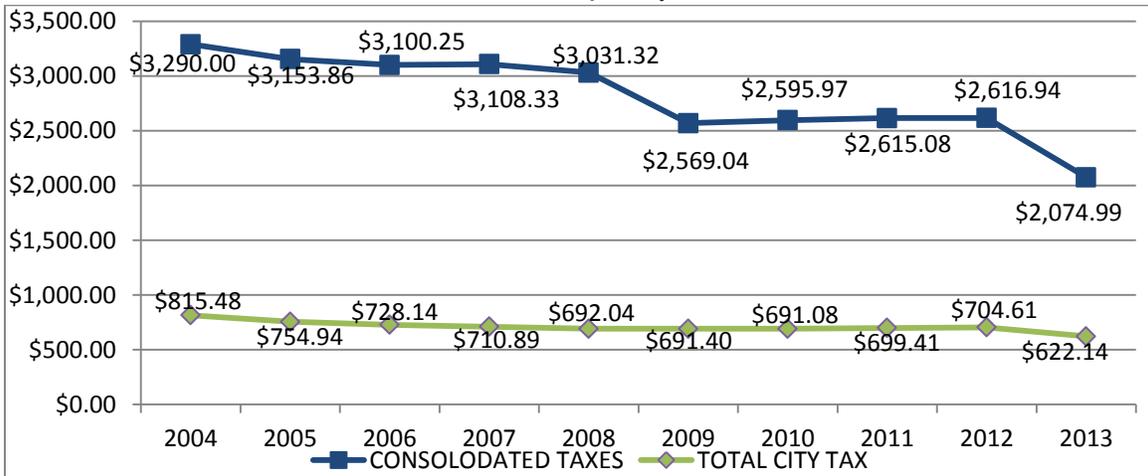
TOTAL 2013 TAXES ON A \$150,000 HOUSE*



CITY PORTION OF 2013 TAXES ON A \$150,000 HOUSE*



10 YR TREND OF TOTAL TAXES ON A \$150,000 HOUSE IN GRAND FORKS*



*All tax estimates include the 12% Legislative Tax Relief & 5% discount for payment before February 15th.

2003-2013 Property Tax Comparison

2003 Grand Forks Mill Levy

Based on Median True & Full Value of \$93,200

	<u>Mills</u>	<u>Tax Dollars</u>	
State Med Ctr & Garrison Diversion	2		0.39%
City of Grand Forks	127.19		24.54%
Grand Forks School District	240.82		46.47%
Grand Forks Park District	45.65		8.81%
<u>Grand Forks County</u>	<u>102.59</u>		19.80%
2003 Consolidated Mill Levy	518.25	\$2,173.54	100.00%

2013 Grand Forks Mill Levy

Based on Median True & Full Value of \$160,400

	<u>Mills</u>	<u>Tax Dollars*</u>	
State Med Ctr & Garrison Diversion	2		0.54%
City of Grand Forks	110.25		29.98%
Grand Forks School District	105.14		28.59%
Grand Forks Park District	41.11		11.18%
<u>Grand Forks County</u>	<u>109.21</u>		29.70%
2013 Consolidated Mill Levy	367.71	\$2,335.64	100.00%

* Legislative Tax Relief of 12% has been applied.

The median assessment has gone up 72% since 2003.
 Mill levy has decreased 29%.
 Property Tax Dollars have increased 7.5%.

CITY OF GRAND FORKS

2013-2014 PRELIMINARY COMPARISON OF TRUE & FULL VALUES

CLASS OF PROPERTY	2013 TRUE & FULL VALUE	INCREASE/ DECREASE	% CHANGE	2014 TRUE & FULL VALUE
AGRICULTURAL LAND (814.264 Ac.)	791,800	28,100	3.55%	819,900
COMMERCIAL LAND	298,207,100	31,842,500	10.68%	330,049,600
COMMERCIAL BUILDINGS	1,132,809,800	157,939,900	13.94%	1,290,749,700
SUB TOTAL	1,431,016,900	189,782,400	13.26%	1,620,799,300
		-		
RESIDENTIAL LAND	372,616,500	26,036,700	6.99%	398,653,200
RESIDENTIAL BUILDINGS	1,629,002,700	169,841,700	10.43%	1,798,844,400
SUB TOTAL	2,001,619,200	195,878,400	9.79%	2,197,497,600
		-		
TOTALS	3,433,427,900	385,688,900	11.23%	3,819,116,800

Note: This analysis is preliminary as it does not reflect changes due to properties becoming taxable or exempt by years end.

2013-2014 CHANGES IN TRUE & FULL VALUE OF REAL ESTATE

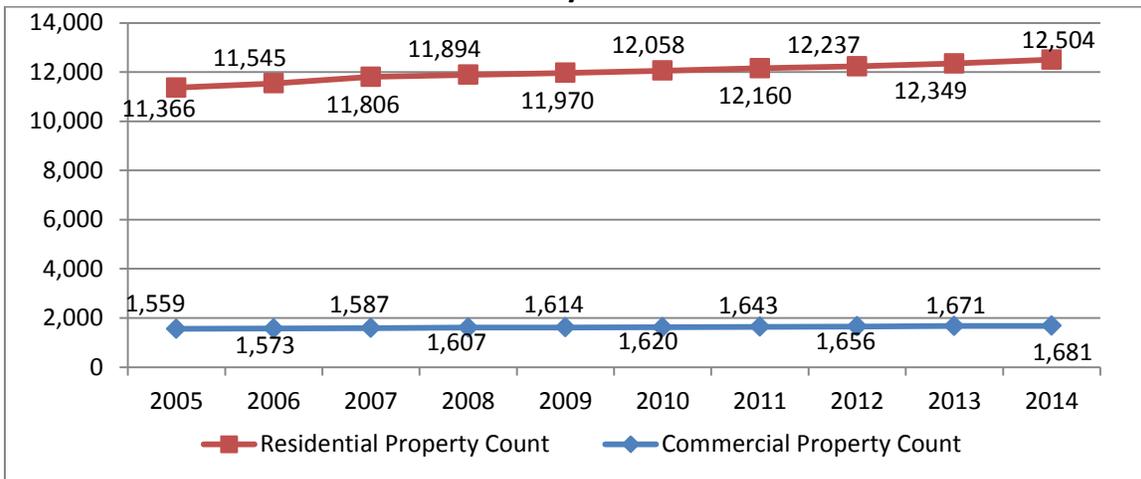
REASON FOR CHANGE	AGRICULTURAL		COMMERCIAL		RESIDENTIAL			GRAND TOTAL
	LAND	LAND	IMPROVEMENTS	NET TOTAL	LAND	IMPROVEMENTS	NET TOTAL	
ANNEXATIONS	30,800	3,628,600	0	3,628,600	2,536,400	8,981,200	11,517,600	15,177,000
DEMOLITION	0	0	(1,214,500)	(1,214,500)	0	(305,000)	(305,000)	(1,519,500)
EXEMPT TO TAXABLE	0	514,600	394,200	908,800	130,400	128,400	258,800	1,167,600
NEW CONSTRUCTION & EXNC	0	0	93,476,300	93,476,300	0	46,665,895	46,665,895	140,142,195
RECLASSIFICATION	(113,200)	(2,758,500)	(117,100)	(2,875,600)	2,871,700	117,100	2,988,800	0
TAXABLE TO EXEMPT	(4,700)	(868,400)	(7,311,000)	(8,179,400)	(55,200)	(111,600)	(166,800)	(8,350,900)
REVALUATION	115,200	31,326,200	72,712,000	104,038,200	20,553,400	114,365,705	134,919,105	239,072,505
Total 2014 Changes	28,100	31,842,500	157,939,900	189,782,400	26,036,700	169,841,700	195,878,400	385,688,900

RESIDENTIAL AND COMMERCIAL AVERAGE AND MEDIAN VALUE/10-YEAR TREND IMPROVED PROPERTIES COUNT FOR THE CITY OF GRAND FORKS

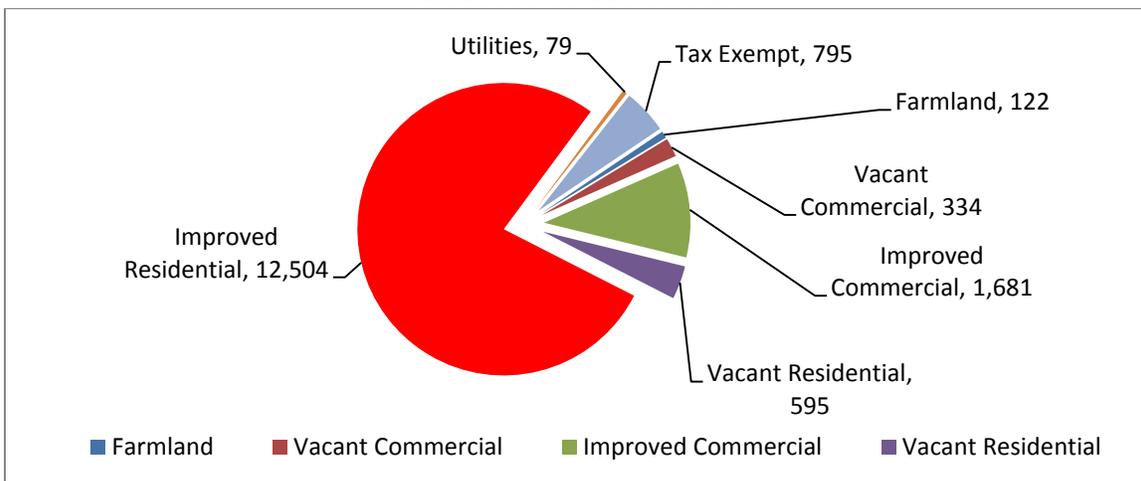
YEAR	RESIDENTIAL			COMMERCIAL		
	MEDIAN VALUE	AVERAGE VALUE	PROPERTY COUNT	MEDIAN VALUE	AVERAGE VALUE	PROPERTY COUNT
2005	\$113,550	\$124,430	11,366	\$225,500	\$681,465	1,559
2006	\$124,300	\$136,021	11,545	\$237,500	\$727,468	1,573
2007	\$131,100	\$142,880	11,806	\$251,800	\$779,393	1,587
2008	\$134,600	\$147,484	11,894	\$266,500	\$829,916	1,607
2009	\$135,300	\$148,662	11,970	\$279,750	\$872,753	1,614
2010	\$136,900	\$150,700	12,058	\$283,350	\$895,013	1,620
2011	\$139,900	\$154,139	12,160	\$296,400	\$920,901	1,643
2012	\$141,900	\$156,840	12,237	\$296,950	\$947,056	1,656
2013	\$149,400	\$165,794	12,349	\$308,100	\$972,132	1,671
2014	\$160,400	\$180,125	12,504	\$330,100	\$1,084,695	1,681
'05 TO '14 % CHANGE	41.26%	44.76%	10.01%	46.39%	59.17%	7.83%

*The median value is the midpoint or middle value in a group of values.

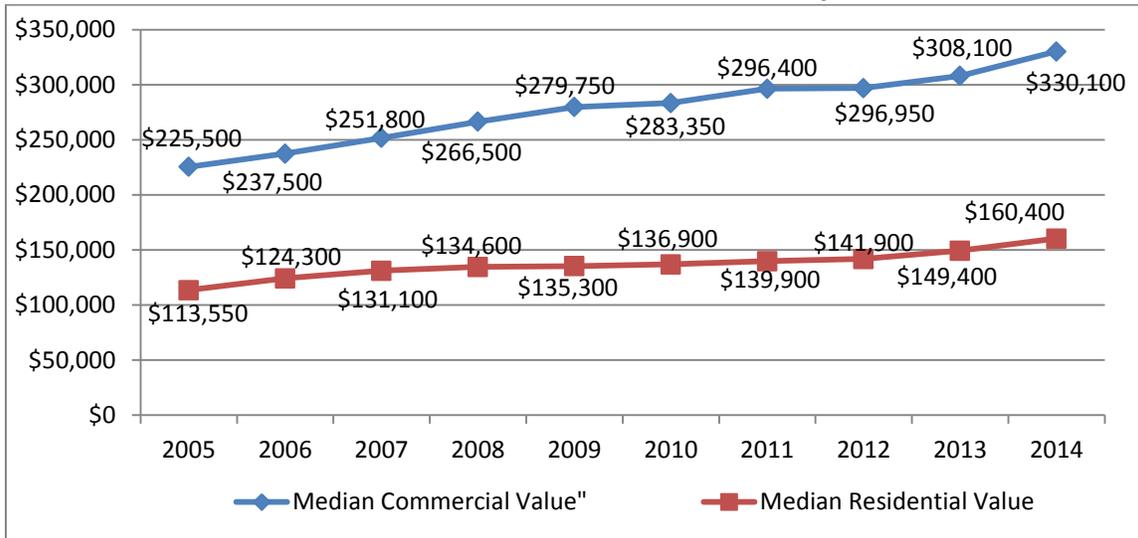
PARCEL COUNT/10-YEAR TREND



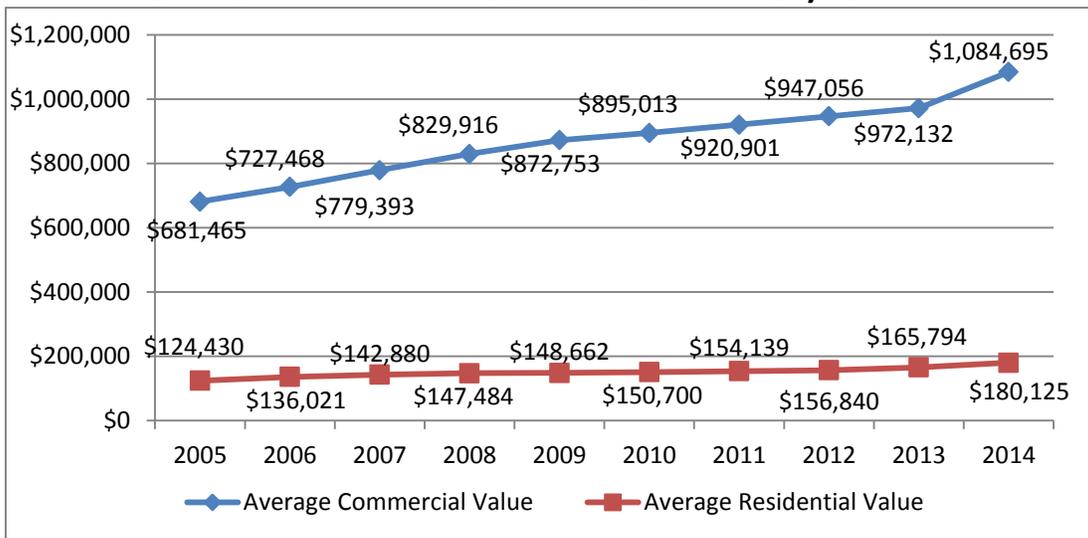
2014 PARCEL COUNT



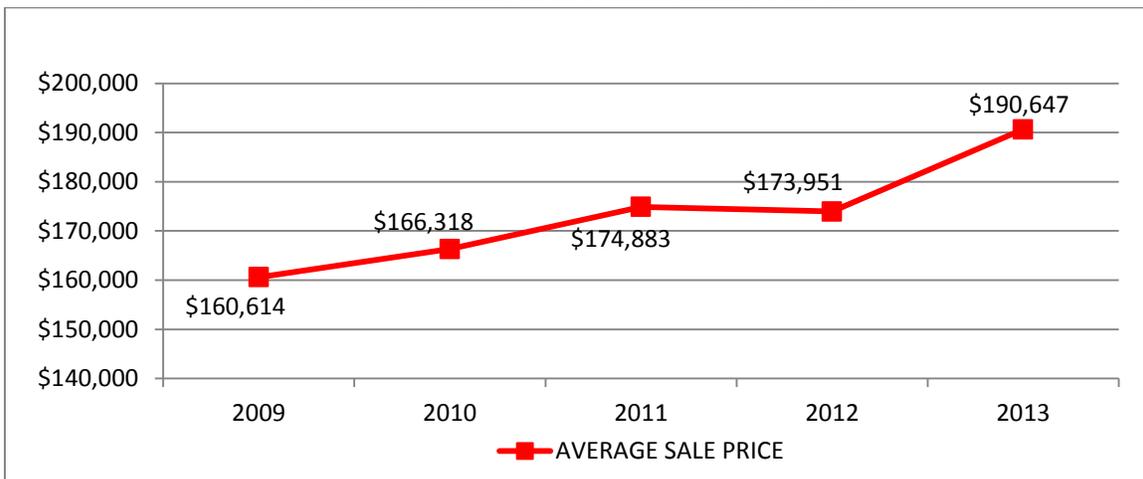
MEDIAN RESIDENTIAL AND COMMERCIAL VALUE/10-YEAR TREND



AVERAGE RESIDENTIAL AND COMMERCIAL VALUE/10-YEAR TREND



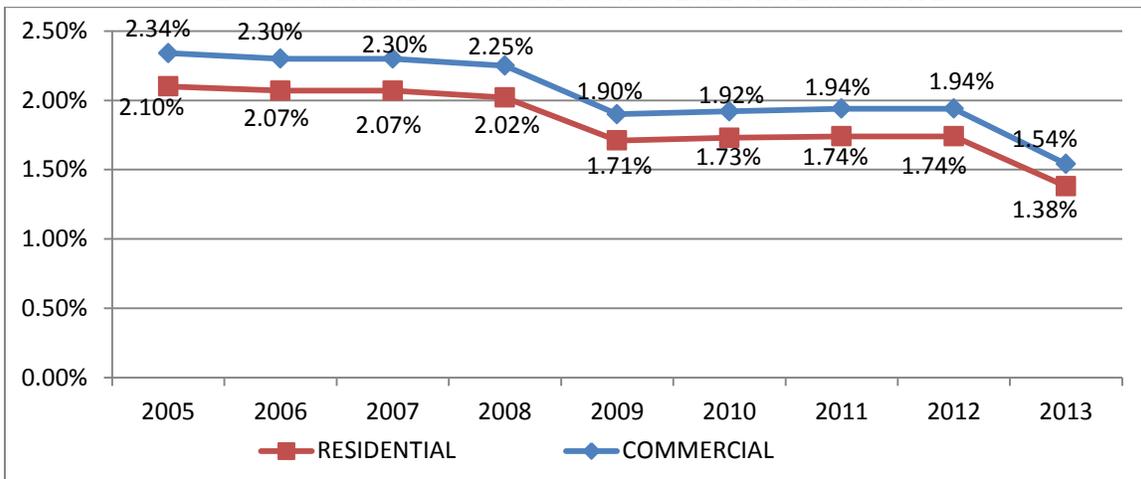
AVERAGE RESIDENTIAL SALES PRICE



EFFECTIVE TAX RATES

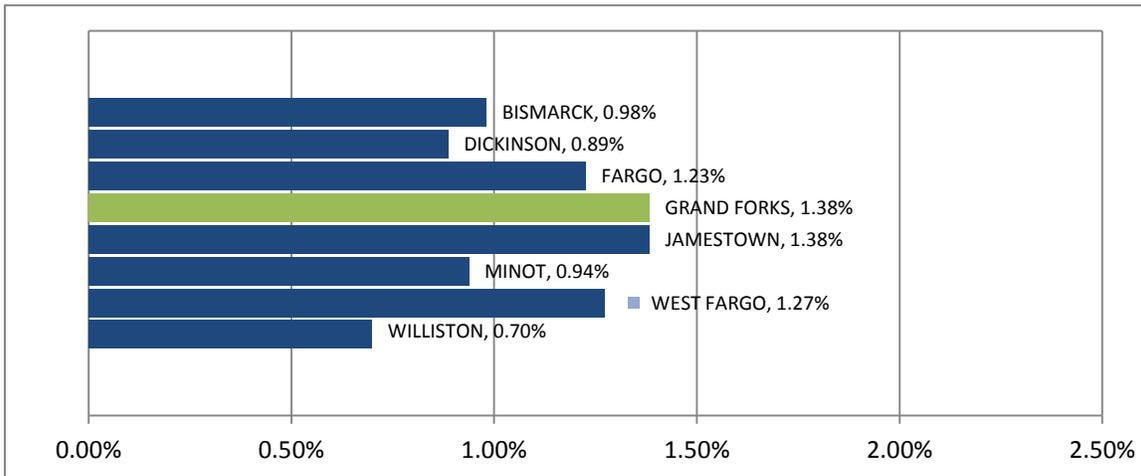
Effective tax rate is the annual property tax divided by the market value of the property.

10-YEAR TREND OF GRAND FORKS EFFECTIVE TAX RATE

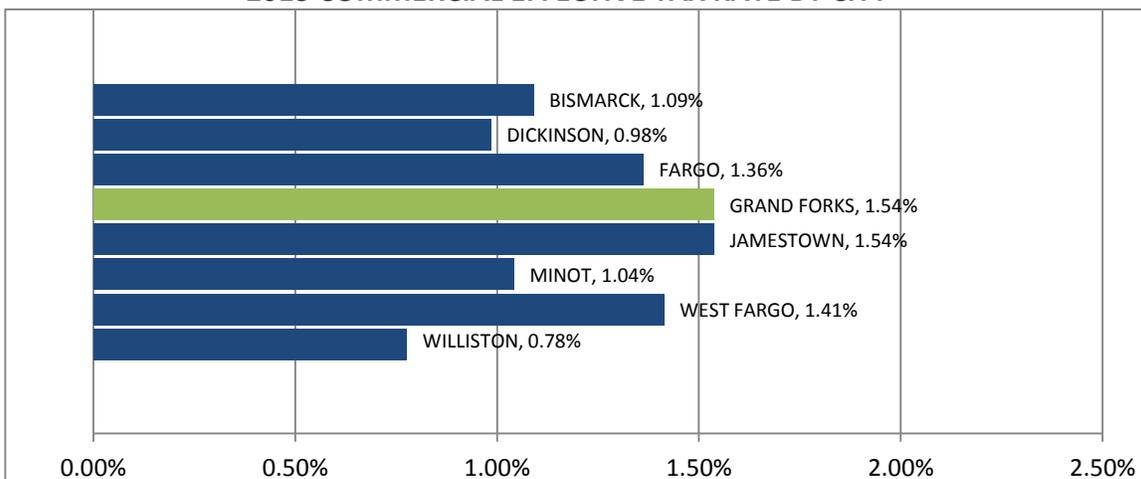


The large drop in the effective tax rate from '08 to '09 and '12 to '13 was due to the increase in state funding to school districts in exchange for lowering the property tax levy by 75 mills and 60 mills respectively.

2013 RESIDENTIAL EFFECTIVE TAX RATE BY CITY



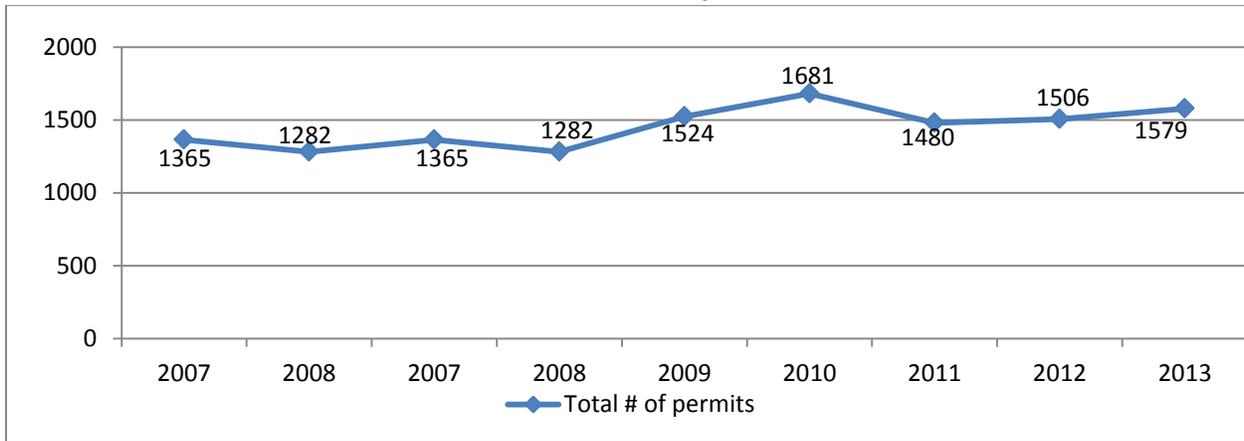
2013 COMMERCIAL EFFECTIVE TAX RATE BY CITY



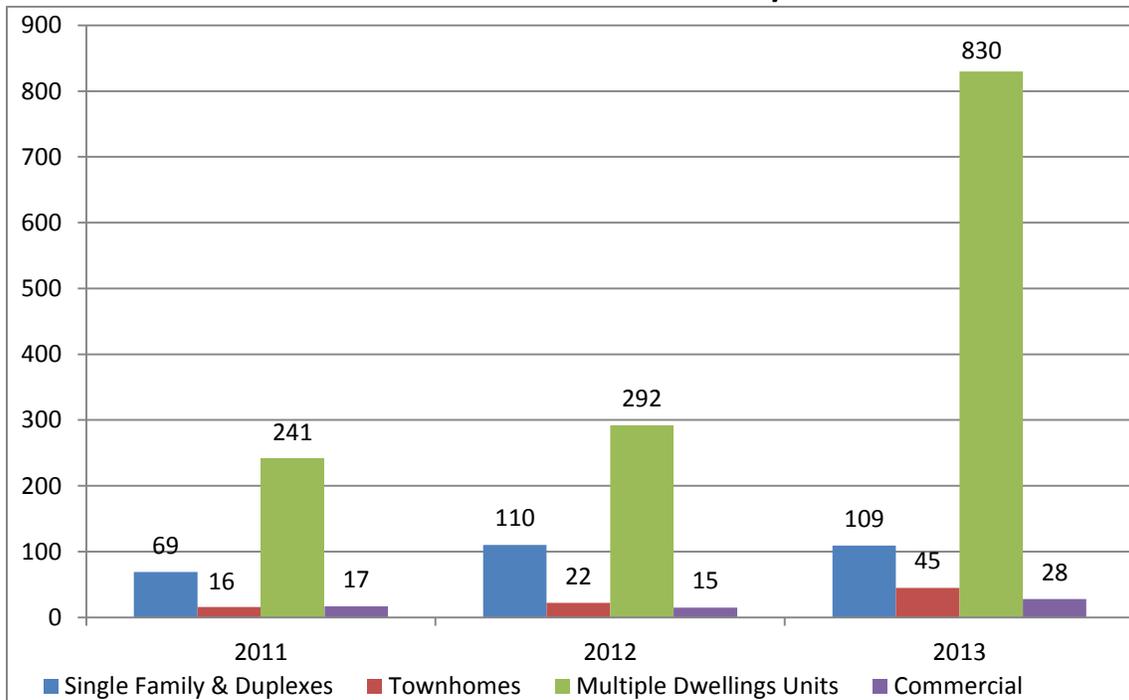
BUILDING PERMITS

Building permit data courtesy of Building Inspections Department. The Assessing Department reviews all building permits issued within the City of Grand Forks to determine how the improvement may affect the market value of the property. This review also assists the assessors in making a determination as to whether the improvement could qualify for a remodeling exemption.

TOTAL BUILDING PERMITS/10-YEAR TREND



NEW CONSTRUCTION BUILDING PERMITS / 3 YEAR TREND



Discretionary Exemptions

Assessors must determine the value of certain property so the County Auditor may consider the valuation in the calculation of the mill rates. Exempt property that must be valued for purposes of calculating the mill rate is limited to property exempt by local discretion and property exempt by charitable status.

Properties exempt by local discretion:

- NDCC 40-57.1-03 **New buildings/structures of new or expanding businesses.** This provides incentives in the form of property tax exemptions, payments in lieu of taxes, or a combination of both to a qualifying business. New and existing buildings, structures and improvements owned or leased by a qualifying project may receive property tax incentives. The incentives do not include exemptions to the land.
- NDCC 40-57.1-04.1 **New business in existing building** and new business in existing building leased from governmental agency.
- NDCC 40-57.1-04.3 **New building built by development corporation** to attract new business.
- NDCC 57-02-08(35) **New single family residences, townhomes & condominiums** occupied for the first time. The city or governing body must pass a resolution stating that the exemption will be allowed. This applies to the first two years following the year in which construction is completed, the residence is owned and occupied for the first time, and other conditions are met. The maximum exemption allowed is \$150,000 true and full value and the land is taxable.
- NDCC 57-02-08(36) **All or part of nonresidential buildings used to provide daycare.**
- NDCC 57-02-08(42) **New single family residence if the property remains owned by the builder**, is unoccupied and other conditions are met (2-years maximum).
- NDCC 57-02.2-03 **Improvements/remodeling to residential and commercial buildings.** City resolution may allow up to a five year exemption of improvements for renovation, remodeling, alteration or additions. A residential building must be at least 25 years old. There is no age requirement for commercial buildings. Requires application and approval by governing body.

Property exempt for charitable status:

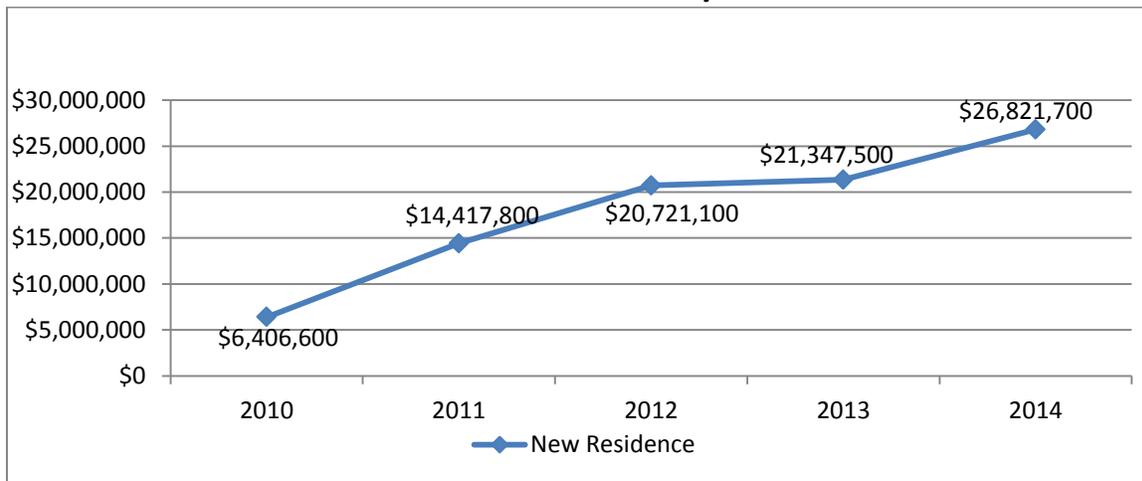
- NDCC 57-02-08(08) **Buildings owned by charitable organization and used for the charitable purpose for which it was organized.**

5-YEAR SUMMARY OF DISCRETIONARY EXEMPTIONS IN TRUE & FULL VALUE

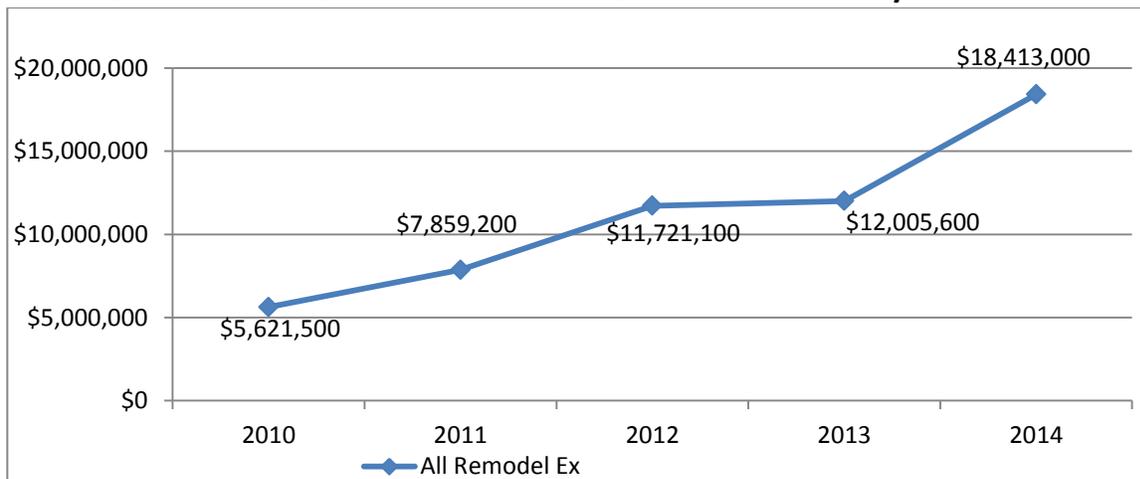
The following table represents the Discretionary Exemptions as required by N.D.C.C. 57-15-01.1.

Exemptions	NDCC Exemption Authority	total	total	total	total	total
		2010	2011	2012	2013	2014
New Business	40-57.1-03	\$37,541,400	\$35,937,900	\$31,448,400	\$19,080,200	\$18,554,000
Geothermal	57-02-08(27)	\$0	\$330,600	\$357,400	\$441,200	\$389,100
New Residence	57-02-08(35)	\$6,406,600	\$14,417,800	\$20,721,100	\$21,347,500	\$26,821,700
Daycare	57-02-08(36)	\$2,080,400	\$2,109,500	\$2,125,800	\$2,125,800	\$2,232,200
Builder Ex	57-02-08(42)	\$2,852,900	\$2,721,200	\$2,813,500	\$4,112,800	\$7,492,800
All Remodel Ex	57-02.2-03	\$5,621,500	\$7,859,200	\$11,721,100	\$12,005,600	\$18,413,000
Charitable	57-02-08(8)	\$141,021,700	\$147,555,300	\$164,629,800	\$164,452,700	\$175,210,900
		\$195,524,500	\$210,931,500	\$233,817,100	\$223,565,800	\$249,113,700

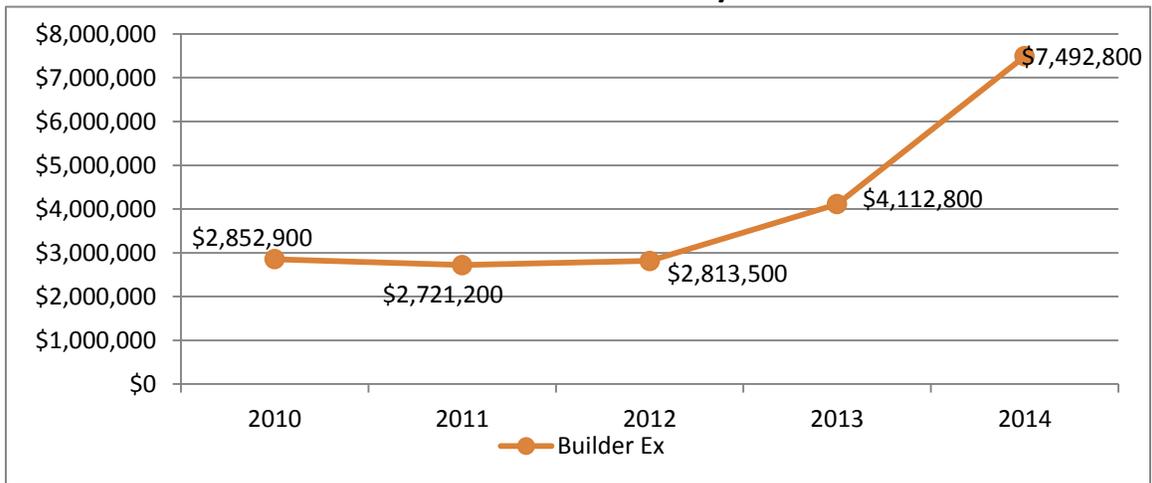
NEW RESIDENCE EXEMPTION / 5 YEAR TREND



RESIDENTIAL & COMMERCIAL REMODEL EXEMPTION / 5 YEAR TREND



NEW HOME BUILDER EXEMPTION/5-YEAR TREND



TOTAL DISCRETIONARY EXEMPTIONS / 5 YEAR TREND

