

INTERIM TAXATION COMMITTEE
Testimony of Marcy Dickerson, State Supervisor of Assessments

October 2, 2008

Mr. Chairman, Members of the Committee, for the record my name is Marcy Dickerson and I am employed by the State Tax Commissioner as State Supervisor of Assessments and Director of the Property Tax Division. My testimony today provides information requested in John Walstad's letter to Commissioner Cory Fong, dated September 18, 2008.

My first attachment is an expanded graph showing the trend in true and full valuation by classification for property taxes payable in 1999 through 2008. Total residential property is represented by the red line. Residential property, excluding new property, is represented by the green line. Agricultural property is represented by the blue line and commercial property by the purple line.

My second attachment shows the statewide effective tax rate (ETR) on agricultural, residential, and commercial property from 1983 to 2007. Figures for 1982 are not available because, at that time, property values were reported as "Farmland" and "Other Real Estate." Taxes levied were reported for "Rural Real Estate" and "City and Village Real Estate."

I have calculated the ETR on agricultural land in two ways. First, the ETR on statutory agricultural value is shown in column 4. Column 6 shows the ETR on estimated market value of agricultural land indicated by the sales ratio study. Columns 9 and 12 show the ETR on residential and commercial property. The difference in ETR by class of property is caused by the different mill rates in rural vs. urban localities and by the different levels of taxable value – 9 percent for residential property and 10 percent for agricultural and commercial property.

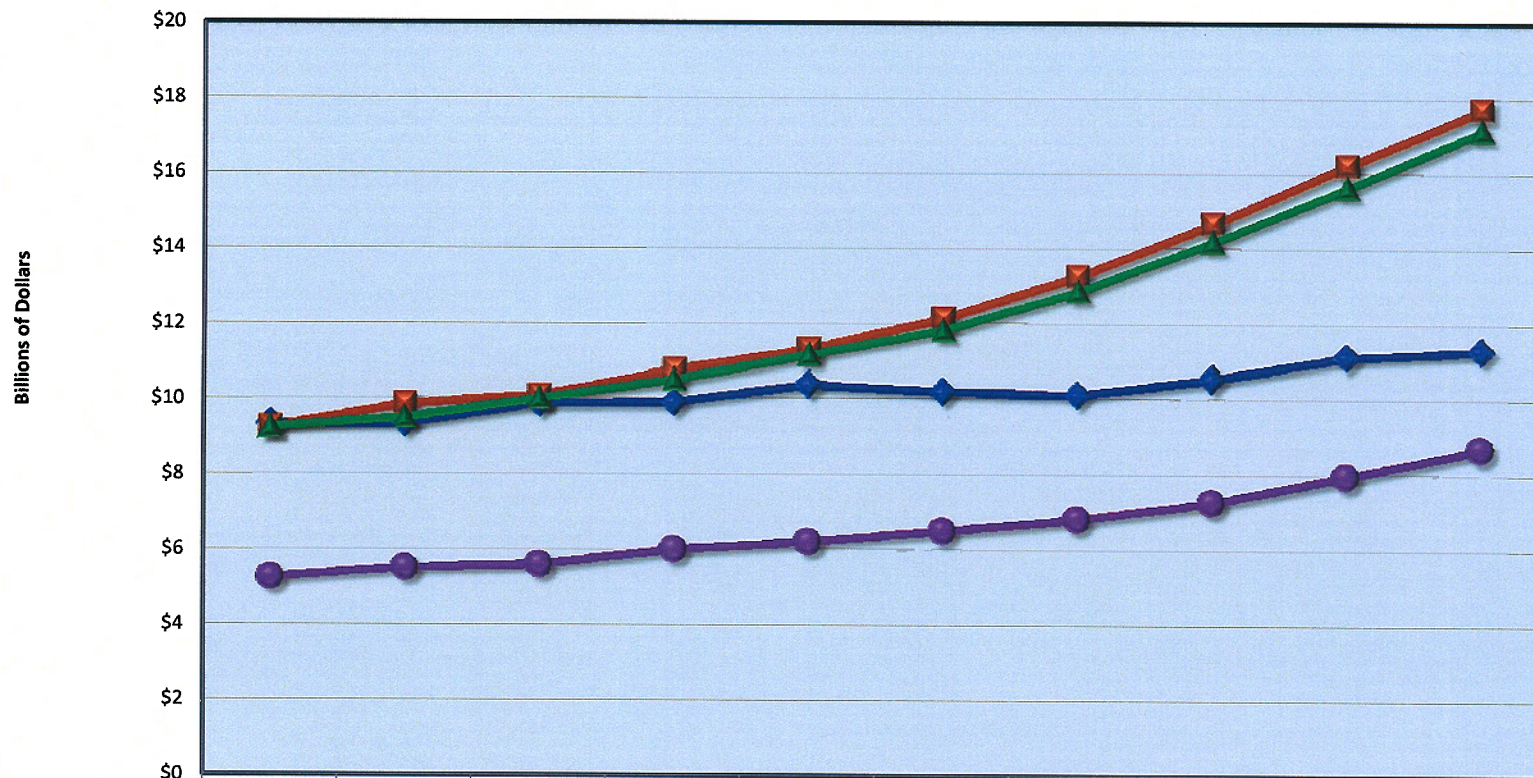
My third attachment shows a history of two sample Morton County agricultural parcels from 1982 through 2007, in response to a request from Senator Cook at your last meeting. Both parcels contain tillable and non-tillable acres.

My fourth attachment shows the reported numbers of residences that were formerly farm exempt but have been added to the tax rolls for 2008. These figures include residences of persons who formerly qualified for the farm residence exemption but no longer qualify, and residences that have been sold by a farmer to a non-farmer.

This concludes my prepared testimony. I will try to answer any questions you have.

True and Full Valuation by Classification

Including Residential Property Base Year Value for Taxes Payable in 1999



Year Payable	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
— Agricultural	9.324	9.329	9.860	9.890	10.364	10.178	10.103	10.523	11.086	11.247
— Residential	9.223	9.840	10.069	10.728	11.273	12.099	13.221	14.631	16.197	17.701
— Residential, Excluding New Property	9.223	9.485	9.995	10.494	11.134	11.793	12.836	14.158	15.617	17.150
— Commercial	5.225	5.483	5.569	5.973	6.185	6.470	6.784	7.235	7.921	8.655

AGRICULTURAL

Year	Agricultural Taxable Value	Agricultural Taxes Levied	Effective Tax Rate on Ag Value	MV % of Ag Value (1)	Effective Tax Rate on Mkt Value
2007	562,367,218	180,947,199	1.61%	198.02%	0.81%
2006	554,306,188	177,233,697	1.60%	192.68%	0.83%
2005	526,130,124	168,453,386	1.60%	173.91%	0.92%
2004	505,174,405	161,953,061	1.60%	152.91%	1.05%
2003	508,895,058	160,912,252	1.58%	138.12%	1.14%
2002	518,212,834	158,940,830	1.53%	138.12%	1.11%
2001	494,511,079	151,853,487	1.54%	141.24%	1.09%
2000	492,982,191	149,034,306	1.51%	140.06%	1.08%
1999	466,245,827	146,637,400	1.57%	148.81%	1.06%
1998	465,854,756	146,763,931	1.58%	147.49%	1.07%
1997	449,839,471	141,712,721	1.58%	150.38%	1.05%
1996	436,451,693	136,200,330	1.56%	162.34%	0.96%
1995	399,086,001	128,744,840	1.61%	156.25%	1.03%
1994	386,574,856	121,706,910	1.57%	157.23%	1.00%
1993	380,621,115	117,612,200	1.55%	151.29%	1.02%
1992	379,995,663	113,707,140	1.50%	141.64%	1.06%
1991	385,550,309	110,813,087	1.44%	140.65%	1.02%
1990	403,468,138	109,968,614	1.36%	129.37%	1.05%
1989	410,857,163	105,332,100	1.28%	123.61%	1.04%
1988	418,289,088	100,479,501	1.20%	NA	NA
1987	426,912,999	97,308,024	1.14%	NA	NA
1986	428,705,273	93,894,185	1.10%	NA	NA
1985	431,797,062	91,950,900	1.06%	NA	NA
1984	461,527,385	91,286,656	0.99%	NA	NA
1983	431,974,542	85,105,966	0.99%	NA	NA
1982	460,862,440	NA	NA	NA	NA

RESIDENTIAL

Residential Taxable Value	Residential Taxes Levied	Effective Tax Rate on Mkt Value
796,529,617	336,624,504	1.90%
728,876,798	316,413,578	1.95%
658,405,917	291,971,255	2.00%
594,953,909	266,488,154	2.02%
544,464,980	246,356,676	2.04%
511,767,122	229,596,956	2.02%
482,774,704	215,069,030	2.00%
453,126,329	205,319,324	2.04%
439,030,186	196,890,286	2.02%
410,881,657	183,064,621	2.00%
384,877,155	170,682,809	2.00%
363,679,990	160,879,642	1.99%
338,104,546	152,172,068	2.03%
312,841,485	140,990,862	2.03%
293,871,208	131,396,788	2.01%
283,133,095	124,071,907	1.97%
278,396,398	116,303,900	1.88%
276,237,858	111,091,347	1.81%
273,553,714	105,845,343	1.74%
271,196,588	98,987,204	1.64%
271,501,454	94,631,815	1.57%
272,119,516	91,004,947	1.50%
272,758,376	86,485,616	1.43%
265,603,270	80,154,424	1.36%
255,356,435	73,947,258	1.30%
NA	NA	

COMMERCIAL

Commercial Taxable Value	Commercial Taxes Levied	Effective Tax Rate on Mkt Val
432,736,805	191,160,716	2.21%
396,042,057	179,826,255	2.27%
361,725,355	167,020,373	2.31%
339,205,977	157,685,527	2.32%
323,512,076	147,516,626	2.28%
309,250,945	143,684,077	2.32%
298,625,803	137,248,041	2.30%
278,456,737	130,113,744	2.34%
267,964,347	122,113,936	2.28%
255,743,498	116,573,816	2.28%
384,877,155	170,682,809	2.22%
363,679,990	160,879,642	2.21%
338,104,546	152,172,068	2.25%
312,841,485	140,990,862	2.25%
293,871,208	131,396,788	2.24%
283,133,095	124,071,907	2.19%
278,396,398	116,303,900	2.09%
276,237,858	111,091,347	2.01%
273,553,714	105,845,343	1.93%
271,196,588	98,987,204	1.83%
271,501,454	94,631,815	1.74%
272,119,516	91,004,947	1.67%
272,758,376	86,485,616	1.59%
265,603,270	80,154,424	1.51%
255,356,435	73,947,258	1.45%
NA	NA	

(1) Source: S:\Templag request 070208.xls, Sheet 3

Two sample parcels

160 acres 113.25 acres tillable

318.04 acres 173.97 acres tillable

	Value	Mill Rate	Taxes		Value	Mill Rate	Taxes
1982	\$ 25,100.00	0.21290	\$ 267.19		\$ 61,800.00	0.20609	\$ 636.82
1983	\$ 21,800.00	0.22089	\$ 240.77		\$ 54,900.00	0.21156	\$ 580.73
1984	\$ 24,000.00	0.22132	\$ 265.58		\$ 60,300.00	0.22477	\$ 677.03
1985	\$ 22,800.00	0.23069	\$ 262.99		\$ 57,300.00	0.23247	\$ 666.03
1986	\$ 22,100.00	0.24187	\$ 267.29		\$ 55,600.00	0.25077	\$ 697.14
1987	\$ 22,100.00	0.24838	\$ 274.47		\$ 55,600.00	0.25553	\$ 710.38
1988	\$ 21,400.00	0.27162	\$ 290.63		\$ 53,900.00	0.27425	\$ 739.12
1989	\$ 21,400.00	0.28592	\$ 305.94		\$ 53,900.00	0.28385	\$ 764.97
1990	\$ 20,500.00	0.30115	\$ 308.68		\$ 51,700.00	0.29189	\$ 754.55
1991	\$ 19,900.00	0.31213	\$ 310.58		\$ 50,100.00	0.29513	\$ 739.30
1992	\$ 19,300.00	0.33944	\$ 327.56		\$ 48,600.00	0.30237	\$ 734.76
1993	\$ 18,900.00	0.35160	\$ 332.26		\$ 47,600.00	0.30926	\$ 736.04
1994	\$ 18,900.00	0.35465	\$ 335.16		\$ 47,600.00	0.31482	\$ 749.28
1995	\$ 20,000.00	0.36228	\$ 362.28		\$ 50,500.00	0.32324	\$ 816.19
1996	\$ 22,000.00	0.36363	\$ 400.01		\$ 55,600.00	0.33082	\$ 919.68
1997	\$ 23,100.00	0.36932	\$ 462.57		\$ 58,400.00	0.33399	\$ 975.25
1998	\$ 24,300.00	0.36655	\$ 445.37		\$ 61,300.00	0.34006	\$ 1,042.29
1999	\$ 23,300.00	0.37441	\$ 436.19		\$ 59,500.00	0.34890	\$ 1,037.97
2000	\$ 24,800.00	0.37503	\$ 465.03		\$ 59,500.00	0.34894	\$ 1,038.10
2001	\$ 24,800.00	0.37244	\$ 461.83		\$ 62,500.00	0.34543	\$ 1,079.48
2002	\$ 26,000.00	0.36691	\$ 476.99		\$ 65,600.00	0.34632	\$ 1,135.94
2003	\$ 25,200.00	0.37495	\$ 472.44		\$ 63,600.00	0.35426	\$ 1,126.55
2004	\$ 24,400.00	0.37954	\$ 463.04		\$ 61,700.00	0.36043	\$ 1,111.92
2005	\$ 24,400.00	0.37580	\$ 458.48		\$ 61,700.00	0.38082	\$ 1,174.84
2006	\$ 29,300.00	0.37138	\$ 544.09		\$ 54,100.00	0.41699	\$ 1,127.96
2007	\$ 31,400.00	0.36367	\$ 570.97		\$ 57,900.00	0.40185	\$ 1,163.36

% change in agricultural value 1982-2007

25.10%

-6.31%

% Increase in taxes 1982-2007

113.69%

82.68%

Values in highlighted rows are interpolated using state averages.

Mill rates are actual for all the years.

Taxes paid again are estimated off the values used in the highlighted rows.

Farm res chng 2007-2008

Formerly exempt farm residences added to tax roll
2007-2008

<u>County</u>	<u>Formerly farm exempt - Added to Tax Roll 2008</u>
Adams	0
Barnes	23
Benson	
Billings	15
Bottineau	25
Bowman	
Burke	1
Burleigh	
Cass	10
Cavalier	
Dickey	9
Divide	6
Dunn	Will be a few in 2009, more in 2010 and after
Eddy	1
Emmons	3
Foster	0
Golden Valley	
Grand Forks	
Grant	12
Griggs	
Hettinger	2
Kidder	
LaMoure	
Logan	3
McHenry	
McIntosh	
McKenzie	10 - 15
McLean	
Mercer	
Morton	4
Mountrail	A few from employment in oil industry, none from leasing/royalties
Nelson	
Oliver	2
Pembina	3
Pierce	1
Ramsey	4
Ransom	
Renville	
Richland	
Rolette	
Sargent	4
Sheridan	
Sioux	0
Slope	1
Stark	Approximately 30 in the last 3 years
Steele	0
Stutsman	38
Towner	
Traill	Lost 6 for 2008. Added 40 from 2006 to 2007
Walsh	
Ward	20
Wells	
Williams	4 (3 caused by owner going to work in oilfield)