

INTERIM TAXATION COMMITTEE

Testimony of Marcy Dickerson, State Supervisor of Assessments
November 28, 2007

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 is in response to questions 2 and 3 of John Walstad's October 17, 2007, letter to Tax Commissioner Cory Fong.

Question 2 asks for information on the share of increased residential property tax collections attributable to new property and the share attributable to valuation increases in each county. I have estimated those percentages based on reports submitted by all counties.

Counties are required to complete an annual abstract of assessments and a supplementary abstract. The abstract of assessments shows the current year value of property, by class, in each city and township of the county. The supplementary abstract lists the true and full value of all new taxable property that is in each city and township for the current year and the true and full value of all property that was removed from each city and township since the last year. Examples of property that was removed are demolished properties, property that became exempt, and property that is no longer located in a township because it was annexed to a city. Annexed property shows as a decrease in the township and an increase in the city. Changes due to revaluation of property are not included in the supplementary abstract.

When we look at the change in true and full value of a township, city, or county from last year, we have no way of knowing what valuation increases or decreases were made to existing properties. We do know the total change from last year to this year in any particular district.

When we divide the net change in property from the supplementary abstract by the total change

in true and full value between last year and the current year, we have a reasonably good estimate of the percentage change in value due to new property.

The attached sheet headed "New Res Prop Ratio for 112807.xls" shows the estimated percentage of residential valuation change in each county due to new residential property, in the far right-hand column. The rest of the change is due to revaluation of existing property.

You will see that some of the percentages appear out of line. For example, Divide and Foster Counties show a greater net amount of new residential property than their total change in residential value from 2006 to 2007. They apparently reduced some existing residential values. McIntosh County shows a net loss in residential value in spite of \$532,951 in net new residential property. Nelson County figures indicate a loss of existing residential property and reduced value of some remaining residential property. Towner County's figures indicate reduced value of existing residential properties nearly equaled the value attributable to new residential properties.

Assuming the figures shown on the assessment and supplementary abstracts are correct, the statewide median percentage of increased residential property value due to new property from 2006 to 2007 is approximately 36 percent. Approximately 64 percent of increased residential value is due to revaluation of existing property. Obviously, those percentages vary considerably among counties and major cities.

Your request was for information on residential property tax collections. The information above relates to valuation and how much valuation increase is due to new property as opposed to revaluation of existing property. The statewide average mill rate decreased by 1 percent from 2006 to 2007 but total residential taxes levied increased by 8.4 percent from 2006 to 2007 in spite of the 1 percent reduction in the average mill rate. Of the 9.4 percent tax

increase that would have occurred without the mill rate reduction, approximately 3.4 percent was due to new property and 6.0 percent due to increased value of existing property.

Question 3 asks for information on states that provide state-level property assessments statewide and the advantages and disadvantages of state-level assessments. A list showing assessment responsibility in each state and the District of Columbia is attached. Only two states, Maryland and Montana, and the District of Columbia assess real property at the state level. Twenty-six states have county-level assessment; eighteen states including North Dakota have local assessment; and four states have a combination of county and local assessment. Most states require state certification of county and local assessors. States having county or local assessment provide for taxpayer appeals up to the state level. Some states charge a fee for filing an appeal.

States that impose property taxes on railroad and public utility property, including North Dakota, generally assess that property at the state level. The property of an entire railroad or utility company is valued as a unit, and the unit value is allocated to the state and political subdivisions within the state. State assessment promotes uniformity in the assessment of property that crosses many taxing jurisdictions. Companies prefer dealing with one assessment agency in the state rather than numerous assessment jurisdictions.

Some states assess large industrial properties at the state level also. Only major assessment jurisdictions have, or can afford to hire, the expertise needed to value complex industrial properties.

State assessment of all property promotes uniformity in assessment methods and practices. It provides for consistent gathering and reporting of property assessment and taxation statistics. State technology and human resources are often superior to those of local jurisdictions.

State assessment may prevent inequities caused by personal relationships of local assessment officials and appeal boards with property owners.

The main objection to state assessment of all property is perceived loss of local control. There is also concern that local market conditions or other factors influencing value may not receive sufficient consideration when "outsiders" establish valuations. People often feel that no one else knows their area as well as they do.

This concludes my prepared testimony. I will be happy to try to answer any questions.

County or City Name	Number	Residential Property		
		Change in total value 2007 minus 2006	Amount of New Residential Property 2007	Ratio - New to total change
Adams	1	4,321,785	562,951	13%
Barnes	2	17,958,978	842,200	5%
Benson	3	4,277,848	3,493,192	82%
Billings	4	1,018,156	903,645	89%
Bottineau	5	11,264,900	1,725,600	15%
Bowman	6	2,744,698	456,584	17%
Burke	7	1,329,515	470,757	35%
Burleigh	8	143,762,348	76,213,246	53%
Cass	9	61,929,400	24,555,200	40%
Cavalier	10	833,873	268,346	32%
Dickey	11	5,821,177	2,541,555	44%
Divide	12	246,100	279,700	114%
Dunn	13	906,939	529,318	58%
Eddy	14	1,039,800	220,600	21%
Emmons	15	852,551	627,715	74%
Foster	16	1,639,880	1,818,970	111%
Golden Valley	17	1,534,300	204,300	13%
Grand Forks	18	23,380,380	10,577,224	45%
Grant	19	531,370	349,300	66%
Griggs	20	584,345	265,285	45%
Hettinger	21	725,200	723,500	100%
Kidder	22	665,110	527,950	79%
LaMoure	23	1,820,200	658,900	36%
Logan	24	1,978,800	209,900	11%
McHenry	25	4,408,790	1,640,209	37%
McIntosh	26	(511,942)	532,951	-104%
McKenzie	27	5,313,539	2,940,375	55%
McLean	28	23,922,800	7,172,450	30%
Mercer	29	12,532,094	6,509,996	52%
Morton	30	30,376,000	6,645,900	22%
Mountrail	31	2,315,600	2,061,700	89%
Nelson	32	(14,403)	(27,427)	190%
Oliver	33	1,974,833	690,307	35%
Pembina	34	2,957,761	582,658	20%
Pierce	35	3,414,937	1,086,648	32%
Ramsey	36	9,968,183	2,742,622	28%
Ransom	37	8,037,400	2,609,700	32%
Renville	38	495,751	490,097	99%
Richland	39	17,959,100	5,832,000	32%
Rolette	40	3,054,319	109,025	4%
Sargent	41	2,052,895	744,224	36%
Sheridan	42	445,166	444,040	100%
Sioux	43	(239,807)	1,097	0%
Slope	44	217,553	115,202	53%
Stark	45	15,032,545	5,732,950	38%
Steele	46	1,919,865	555,010	29%
Stutsman	47	9,847,900	1,930,600	20%
Towner	48	2,316	55,339	2389%
Trail	49	7,389,320	3,469,021	47%
Walsh	50	2,479,964	1,726,821	70%
Ward	51	41,993,500	18,416,700	44%
Wells	52	2,853,039	1,004,082	35%
Williams	53	22,484,950	4,718,730	21%
Valley City	54	6,011,000	2,037,550	34%
Bismarck	55	244,785,400	61,389,800	25%
Fargo	56	225,371,850	90,076,400	40%
West Fargo	57	123,859,900	82,851,600	67%
Grand Forks	58	114,047,100	45,665,100	40%
Mandan	59	51,325,488	22,463,450	44%
Devils Lake	60	8,355,200	1,290,550	15%
Wahpeton	61	5,690,900	2,365,900	42%
Dickinson	62	55,845,814	11,949,700	21%
Jamestown	63	21,580,700	5,403,000	25%
Grafton	64	1,979,800	270,800	14%
Minot	65	109,016,200	31,894,800	29%
Williston	66	42,314,630	7,533,050	18%
State Average		unreliable due to outliers		78%
State Median				36%

ASSESSMENT RESPONSIBILITY – STATE, COUNTY, OR LOCAL (Nov. 2007)

Alabama	County assessing official
Alaska	Municipal option to have property tax – municipal assessment staff or contract assessors
Arizona	County assessor
Arkansas	County assessor
California	County assessor
Colorado	County assessor
Connecticut	Town assessor or board of assessors
Delaware	County board of assessment. Two counties, New Castle and Sussex, abolished board of assessment, replaced it with Department of Finance with a Property Tax Division that makes assessments
District of Columbia	Board of Real Property Assessments and Appeals assesses and sets the property tax base for district residents
Florida	Local assessment
Georgia	County assessments – board of tax assessors. State Revenue Commission approves county digests; can penalize counties $\frac{1}{4}$ mill on the difference of the proper assessment ratio and the county's digest
Hawaii	Assessments made by counties and cities
Idaho	County assessor
Illinois	Township, multi-township assessors, county assessors and supervisors of assessment
Indiana	Local assessing officials, oversight by Department of Local Government Finance
Iowa	County assessor
Kansas	County assessor
Kentucky	Real property listed with property evaluation administrator; 120 locally elected

Louisiana	Tax commissioner – parish or municipal jurisdiction
Maine	Municipal assessors
Maryland	State Department of Assessments and Taxation; local assessment offices
Massachusetts	Local assessors
Michigan	Counties and local assessing districts employ assessors
Minnesota	County assessor
Mississippi	County tax assessors and assistants
Missouri	County assessors
Montana	Department of Revenue employees in regional offices. Valuation and taxation are functions of the state; billing, collection, and reconciliation are county responsibility
Nebraska	County assessor
Nevada	County assessor
New Hampshire	Assessed by municipal officials (selectmen)
New Jersey	Local assessment
New Mexico	County assessor
New York	Assessor is elected or appointed local official
North Carolina	Local assessment
North Dakota	Township, city, or district assessor
Ohio	County assessor
Oklahoma	County assessor
Oregon	County assessor
Pennsylvania	County and local assessors
Rhode Island	Town or city assessor

South Carolina	County assessor
South Dakota	County assessor
Tennessee	County assessor
Texas	County assessor
Utah	County assessor
Vermont	Local assessors (listers)
Virginia	Local assessor
Washington	County assessor
West Virginia	Local assessor
Wisconsin	Local assessor; manufacturing real estate assessed by state
Wyoming	County assessor

RECAP:

County assessment	26 states
Local assessment	18 states
County/local assessment	4 states
State assessment	2 states plus District of Columbia