



Finance Department

DATE: April 2, 2024

FROM: Dmitriy Chernyak, Finance Director

ITEM: Annual Report

REQUEST:

Receive the Assessing Division 2024 Annual Report.

BACKGROUND INFORMATION:

The City Board of Equalization is required to be held annually during the first 15 days of April for property owners to appeal their current valuations. On March 11, 2024, notices of increase were sent to property owners whose valuation increased by 10% or more + \$3,000 from the prior year. Assessing will present its Annual Report during the Board of Equalization meeting. A copy of the 2024 Annual Report is attached. This is a summary of the 2024 assessment roll.

RECOMMENDED CITY COMMISSION ACTION:

The Assessing Division recommends the approval of the 2024 Annual Report and Annual Assessment Roll as presented.

STAFF CONTACT INFORMATION:

Allison Jensen, City Assessor, 701-355-1621, ajensen@bismarcknd.gov

ATTACHMENTS:

1. 2024 Annual Report

2024 ANNUAL REPORT



APRIL 2, 2024

**CITY OF BISMARCK
ASSESSING DIVISION
FINANCE DEPARTMENT**



2024 ANNUAL REPORT

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March 26, 2024

Honorable Board of Equalization:

The City of Bismarck (the City) Assessing Division 2024 Annual Report is a summary of the 2024 assessment roll and a review of the 2023 real estate values and appraisal activity of the City. The market value of taxable real property, property sales, new construction, and annexations all combine to provide a tax base for the City's 2024 property tax to be collected in 2025. Any changes in value that the City, Burleigh County, or State of North Dakota Boards of Equalization may make will be reflected in the final assessment.

The 2024 total market value assessment is \$11,063,753,200. This is an increase of \$492,806,000, or 4.66%, from the previous year. Of this increase, new construction contributed \$169,392,200; market value contributed \$322,821,500; and the remaining balance is attributed to additional changes in assessment. The City performed an extensive review to accurately reflect the market and to comply with the North Dakota Century Code and Office of State Tax Commissioner guidelines. The overall market value in existing residential property showed an increase of 3.00% and an increase of 3.16% in existing commercial properties.

Procedures of assessment and appraisal are conducted under guidance from the North Dakota State Tax Commissioner's Office, the North Dakota Century Code, and nationally recognized standards of mass appraisal of real property.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Allison Jensen".

Allison Jensen, AAS
City Assessor

THE CITY OF BISMARCK ASSESSING DIVISION

The City of Bismarck's (the City) Assessing Division is committed to development and use of processes that support integrated data management and to provide the City with the most current and accurate source of property information.

Throughout the year, City staff are processing property transfers and analyzing property sales to ensure market value is established. Physical inspections are made for those sales along with building permits and reappraisal areas to verify data accuracy when setting values.

The goal for the City's Assessing Division is to continue to meet the guidelines set forth by the State of North Dakota to have all property properly and professionally assessed.

Assessing Division Personnel:

Sarah Vaughan, Office Assistant II
Becky Fairbanks, Real Property Technician
Rance Schmidt, Real Property Appraiser
Chris Oswald, Real Property Appraiser
Kylian Holzer, Real Property Appraiser
Tracy DeForest, Real Property Appraiser
Jeff Bitz, Senior Real Property Appraiser
Casey Patzner, Senior Real Property Appraiser
Allison Jensen, AAS, City Assessor

MARKET VALUATION COMPARISON

Market Values	2023 ¹		2024		\$ Change	% Change
Commercial Land	\$	939,467,600	\$	1,005,562,000	\$	66,094,400
Commercial Bldg.		2,908,760,400		3,032,506,800		123,746,400
Total Commercial	\$	3,848,228,000	\$	4,038,068,800	\$	189,840,800
						4.93%
Residential Land	\$	1,259,745,300	\$	1,276,694,500	\$	16,949,200
Residential Bldg.		5,462,226,200		5,748,354,900		286,128,700
Total Residential	\$	6,721,971,500	\$	7,025,049,400	\$	303,077,900
						4.51%
Agricultural	\$	747,700	\$	635,000	\$	(112,700)
						-15.07%
Total All Property	\$	10,570,947,200	\$	11,063,753,200	\$	492,806,000
						4.66%

¹ The 2023 assessment roll totals reflect values that were certified to the North Dakota State Tax Department. These values have been changed during the year of 2023 due to abatements and prorations.

TAXABLE VALUATION COMPARISON

Taxable Values	2023		2024		\$ Change	% Change
Commercial Land	\$	46,973,380	\$	50,278,100	\$	3,304,720
Commercial Bldg.		145,438,020		151,625,340		6,187,320
Total Commercial	\$	192,411,400	\$	201,903,440	\$	9,492,040
						4.93%
Residential Land	\$	56,688,539	\$	57,451,253	\$	762,714
Residential Bldg.		245,800,179		258,675,971		12,875,792
Total Residential	\$	302,488,718	\$	316,127,223	\$	13,638,506
						4.51%
Agricultural	\$	37,385	\$	31,750	\$	(5,635)
						-15.07%
Total All Property	\$	494,937,503	\$	518,062,413	\$	23,124,911
						4.67%

Taxable value is 5% of assessed value for commercial and agricultural property and 4.5% for residential property.

EXISTING PROPERTY MARKET VALUE CHANGE COMPARISON

		2023 ¹		2024 ²		\$ Change	% Change
Commercial	\$	3,826,438,400	\$	3,947,459,200	\$	121,020,800	3.16%
Residential		6,720,082,400		6,921,904,500		201,822,100	3.00%
Agricultural		621,400		600,000		(21,400)	-3.44%
Total	\$	10,547,142,200	\$	10,869,963,700	\$	322,821,500	3.06%

¹ The 2023 totals after adjustments have been made for changes in class and for property that was included on the 2023 assessment roll but was not assessed in 2024 due to demolition, local to state assessed, taxable to non-taxable, abatements, corrections, adjustments, and exemptions.

² The 2024 totals after adjustments have been made for changes in class and for property that was not included in the 2023 assessment roll but assessed for 2024 due to new construction, off-site improvements, annexations, non-taxable to taxable, and state to local assessed.

NORTH DAKOTA CITIES MILL LEVY COMPARISON 2023

Cities	Total Mill Levy ³	Tax on \$125,000 Residential	Tax on \$125,000 Commercial	2023 Taxable Value ³
Williston	193.70	\$ 1,090	\$ 1,211	\$ 148,085,191
Dickinson	232.71	\$ 1,309	\$ 1,454	\$ 133,244,581
Bismarck	259.90	\$ 1,462	\$ 1,624	\$ 495,784,950
Mandan	281.02	\$ 1,581	\$ 1,756	\$ 124,190,171
Minot	365.40	\$ 2,055	\$ 2,284	\$ 235,672,185
West Fargo	290.43	\$ 1,634	\$ 1,815	\$ 256,044,339
Fargo (School Dist.#1)	296.60	\$ 1,668	\$ 1,854	\$ 800,115,958
Valley City	355.20	\$ 1,886	\$ 2,095	\$ 22,469,981
Jamestown	337.17	\$ 1,897	\$ 2,107	\$ 56,290,551
Devils Lake	335.77	\$ 1,889	\$ 2,099	\$ 23,186,906
Grand Forks	352.53	\$ 1,983	\$ 2,203	\$ 277,120,261
Wahpeton	354.35	\$ 1,993	\$ 2,215	\$ 25,209,370

³ The total levy includes the levy for the City, School District, County, Parks, etc. Source is West Fargo City Assessor's office.

2024 MARKET VALUE GAINS COMPARISON

2024 Market Value increase due to New Construction, Off-site Improvements, Annexation, Non-Taxable to Taxable, and State to Local Assessed Property.

	2023	2024	\$ Change	% Change
New Construction				
Commercial	\$ 76,179,200	\$ 73,445,500	\$ (2,733,700)	-3.59%
Residential	133,845,600	95,946,700	(37,898,900)	-28.32%
Total	\$ 210,033,800	\$ 169,392,200	\$ (40,632,600)	-19.35%
Off-Site Improvement				
Commercial	\$ 8,167,500	\$ 3,828,700	\$ (4,338,800)	-53.12%
Residential	726,300	156,900	(569,400)	-78.40%
Total	\$ 8,893,800	\$ 3,985,600	\$ (4,908,200)	-55.19%
Annexation				
Commercial	\$ 4,672,400	\$ 10,966,500	\$ 6,294,100	134.71%
Residential	-	-	-	0%
Agricultural	-	-	-	0%
Total	\$ 4,672,400	\$ 10,966,500	\$ 6,294,100	134.71%
Non-Taxable to Taxable ¹				
Commercial	\$ 10,719,600	\$ 2,324,100	\$ (8,395,500)	-78.32%
Residential	1,706,500	856,600	(849,900)	-49.80%
Agricultural	11,100	35,000	23,900	215.32%
Total	\$ 12,437,200	\$ 3,215,700	\$ (9,221,500)	-74.14%
State to Local Assessment ²				
Commercial	\$ -	\$ 17,300	\$ 17,300	100%
Residential	184,400	-	(184,400)	-100%
Agricultural	-	-	-	0%
Total	\$ 184,400	\$ 17,300	\$ (167,100)	-90.62%
Prorations/Abatements/Errors				
Commercial	\$ -	\$ -	\$ -	0%
Residential	-	-	-	0%
Agricultural	-	-	-	0%
Total	\$ -	\$ -	\$ -	0%

¹ **Non-Taxable to Taxable** – Includes property exempt in 2023 but is taxable for 2024.

² **State to Local Assessment** – Includes property assessed by the State Board of Equalization in 2023 but has been locally assessed in 2024.

2024 MARKET VALUE REDUCTION COMPARISON

2024 Market Value Decreases Due to Demolition/Abatement, Taxable to Non-Taxable, and Local to State Assessed Property.

	2023		2024		\$ Change	% Change
Demolition ¹						
Commercial	\$	487,100	\$	169,500	\$ (317,600)	-65.20%
Residential		119,100		363,000	243,900	204.79%
Agricultural		-		-	-	0%
Total	\$	606,200	\$	532,500	\$ (73,700)	-12.16%
Taxable to Non-Taxable ²						
Commercial	\$	6,864,800	\$	15,536,500	\$ 8,671,700	126.32%
Residential		298,700		1,498,600	1,199,900	401.71%
Agricultural		-		-	-	0%
Total	\$	7,163,500	\$	17,035,100	\$ 9,871,600	137.80%
Local to State Assessed ³						
Commercial	\$	-	\$	-	\$ -	0%
Residential		-		-	-	0%
Agricultural		-		-	-	0%
Total	\$	-	\$	-	\$ -	0%
Deannexation						
Agricultural	\$	-	\$	-	\$ -	0%
Total	\$	-	\$	-	\$ -	0%

¹ **Demolition** – Includes property that was assessed in 2023 but is demolished for 2024.

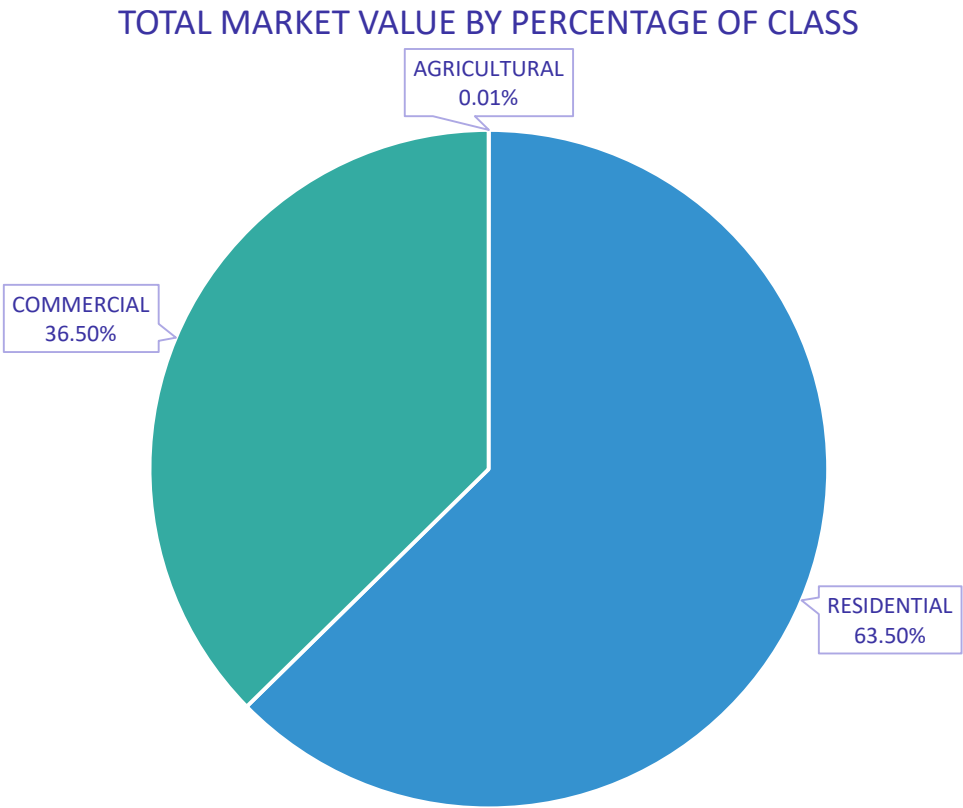
² **Taxable to Non-Taxable** – Includes property that was assessed in 2023 but is exempt for 2024.

³ **Local to State Assessed** – Includes property that was assessed locally in 2023 but will be assessed by the State Board of Equalization for 2024.

	2023		2024		\$ Change	% Change
Prorations/Abatements/Errors						
Commercial	\$	-	\$	-	\$ -	0%
Residential		39,400		-	(39,400)	-100%
Agricultural		-		-	-	0%
Total	\$	-	\$	-	\$ (39,400)	-100%

2024 MARKET VALUE BY PERCENTAGE OF CLASS

Commercial Land	\$	1,005,562,000	
Commercial Building		3,032,506,800	
Total Commercial Property	\$	4,038,068,800	36.50%
Residential Land	\$	1,276,694,500	
Residential Building		5,748,354,900	
Total Residential Property	\$	7,025,049,400	63.50%
Agricultural Property	\$	635,000	0.01%
Total Market Values	\$	11,063,753,200	100%



EXEMPT PROPERTY MARKET VALUE COMPARISON

Details the market values of various exempt properties the Legislature has required local assessing districts to value.

Payment in Lieu of Taxes	2023	2024	\$ Change
Edwinton Place	\$ 4,646,000	\$ 4,839,800	\$ 193,800
Century Cottages	4,653,600	5,255,400	601,800
WSI	17,674,500	18,407,500	733,000
Boulevard Avenue Apts.	13,709,400	14,107,200	397,800
Independence Pt	2,242,600	2,385,900	143,300
Total	\$ 42,926,100	\$ 44,995,800	\$ 2,069,700

The City receives a portion of revenue from the Payment in Lieu of Taxes of properties based on a set payment schedule.

New Business Exemption

The New Business Exemption, NDCC 40-57.1, exempts improvements, not land.

No new Business Exemptions in effect for 2024.

Remodeling Exemption			
NDCC 57-02.2			
Commercial	\$ -	\$ -	\$ -
Residential	54,300	-	-
Total	\$ 54,300	\$ -	\$ (54,300)

The Remodeling Exemption, NDCC 57-02.2, exempts the value added to existing improvements plus additions to existing improvements not related to the land. 0 residential and 0 commercial remodeling exemptions, totaling 0 for 2024.

Charitable Exemption			
NDCC 57-02-08(8)			
Commercial	\$ 527,942,200	\$ 544,076,100	\$ 16,133,900
Residential	8,805,900	8,833,600	27,700
Total	\$ 536,748,100	\$ 552,909,700	\$ 16,161,600

The Charitable Exemption, NDCC 57-02-08(8), exempts both the land and the improvements of charitable institutions. Total of 153 charitable exemptions for 2024.

Renaissance Zone			
NDCC 40-63-05			
Commercial	\$ 25,339,600	\$ 40,419,200	\$ 15,079,600
Residential	490,700	544,100	53,400
Total	\$ 25,830,300	\$ 40,963,300	\$ 15,133,000

152 Renaissance Zone tax exemptions approved to date with 4 property tax exemptions approved for 2024.

Total All Exemptions	\$ 605,558,800	\$ 638,868,800	\$ 33,310,000
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ASSESSMENT DATA

Homestead Credit ¹	2022	2023	Change
Applications Approved	728	970	242
Total Market Value Credit	\$ 63,139,156	\$ 149,881,133	\$ 86,741,977

¹ The State Treasurer reimburses the City for revenue that is not collected due to this credit. Information is year-to-date totals from Burleigh County.

Disabled Veteran Credit ²	2022	2023	Change
Applications Approved	470	502	32
Total Market Value Credit	\$ 60,215,467	\$ 72,438,978	\$ 12,223,511

² The State Treasurer reimburses the City for revenue that is not collected due to this credit. Above information is year-to-date totals from Burleigh County.

Applications for Abatement	2022	2023
State Assessed	0	0
Blind Exemption	0	0
Disabled Veteran	0	16
Wheelchair Exemption	1	1
Taxable to Non-Taxable	6	12
Fire Damage	2	1
Deferred Maintenance	2	0
Error in Calculations	15	117
Overvalued	15	0
Functional Obsolescence	0	0
Physical Obsolescence	0	0
Total Abatements Reviewed	41	147

Parcels	2023	2024	Change
Commercial	3,117	3,215	98
Residential	21,484	21,624	140
Agricultural	36	32	(4)
Vacant	2,400	2,646	246
Total Parcels	27,037	27,517	480

BUILDING PERMITS ISSUED

JANUARY TO DECEMBER 2022 AND JANUARY TO DECEMBER 2023

Building Permits Issued	2022		2023	
	Count	Total Value	Count	Total Value
New Residential Structures	276	\$ 70,710,826	149	\$ 44,765,340
Alter Residential Structures	194	4,416,341	273	6,350,695
Private Garages	28	329,334	20	423,850
New and Alter Commercial Structures	191	175,255,671	252	190,267,893
New and Alter Public Structures	0	-	0	-
Total Building Permits	689	\$ 250,712,172	694	\$ 241,807,778

Miscellaneous Permits	Count	Count
Plumbing	450	370
Electrical	1,004	900
Mechanical	1,509	1,464
Total Miscellaneous Permits	2,963	2,734

Total Building and Misc. Permits	3,652	3,428
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This information comes from the City TRAKiT system.

MAJOR COMMERCIAL CONSTRUCTION PROJECTS

PROJECTS STARTED IN 2023 FOR 2024 ASSESSMENT ROLL

Property Owner	Property Address	Building Value	% Completion
EWR BISMARCK LAND SOUTH LLC	2917 KAMROSE DR	\$ 5,642,100	75%
CUMBERLAND TOWNHOMES LLC	4451 CUMBERLAND LOOP	5,030,400	50%
4 STAR PROPERTIES LLP	125 BUCKSKIN AVE	2,924,300	100%
THREE AFFILIATED TRIBES	1300 ELBOWOODS LN	1,947,100	10%
P-D LLC	1829 E BISMARCK EXPY	1,374,200	100%
Total		\$ 16,918,100	

The above list highlights major commercial construction projects that are reflected in the 2024 assessment roll. The values include projects that were started in 2023.

PROJECTS STARTED IN 2022 AND COMPLETED FOR 2024 ASSESSMENT ROLL

Property Owner	Property Address	Building Value	% Completion
4 SUNS-MAIN LLC	5017 TRANSPORT LN	\$ 6,654,000	100%
GREENFIELD COMMONS II LLC	220 E GREENFIELD LN	2,845,800	100%
GREENFIELD COMMONS II LLC	226 E GREENFIELD LN	2,152,400	100%
DJK VENTURES, LLC	4212 BOULDER RIDGE RD	1,030,800	100%
Total		\$ 12,683,000	

The above list highlights major commercial construction projects that were started in 2022 but completed in 2024. The values listed above for these projects reflect only the portion of the project that is added in the 2024 assessment roll.

STATISTICAL ANALYSIS OF THE 2023 SALES RATIO

The following information is a summary of the report and a statistical analysis of the 2023 Assessment Ratio study for the City of Bismarck (the City). The report is based on 2023 qualified sales, of which 780 are residential and 53 are commercial properties.

The performance tests completed to compare assessments to market value are the following measures of central tendency¹:

Median: The median is the midpoint when the sales ratios are arrayed in order of magnitude. If an even number of sales ratios, the median is the average of the two midpoint sales ratios. The median is less affected by extreme ratios than other measures of central tendency. Because of this, it is generally the preferred measure of central tendency. This is used by the State Board of Equalization when equalizing residential and commercial property assessments.

Arithmetic Mean: The mean is the average of the sales ratios. It is calculated by summing the sales ratios and dividing by the total number of sales ratios. The mean is affected more by extreme ratios than the median.

Weighted Mean: The weighted mean is the value-weighted average of the ratios in which the weights are proportional to the sales prices. Derived by dividing the total assessed values by the total sale prices of the properties.

Price Related Differential (PRD): A measure of uniformity between high and low value properties. Derived by dividing the arithmetic mean sales ratio by the weighted mean ratio. If the PRD is 1.00, there is no bias in the assessments of high-value properties in comparison to those of low-value properties. If the PRD is greater than 1.03, then low-value properties are valued greater in relation to high-value properties, indicating assessment regressivity. If the PRD is lower than 0.98, the opposite is true, indicating assessment progressivity.

¹ International Association of Assessing Officers, 314 W 10 St., Kansas City, MO 64105-1616, Section 5.3, Page 13, and Definitions Page 42, Standard on Ratio Studies-2013.

STATISTICAL ANALYSIS OF THE 2023 SALES RATIO (CONTINUED)

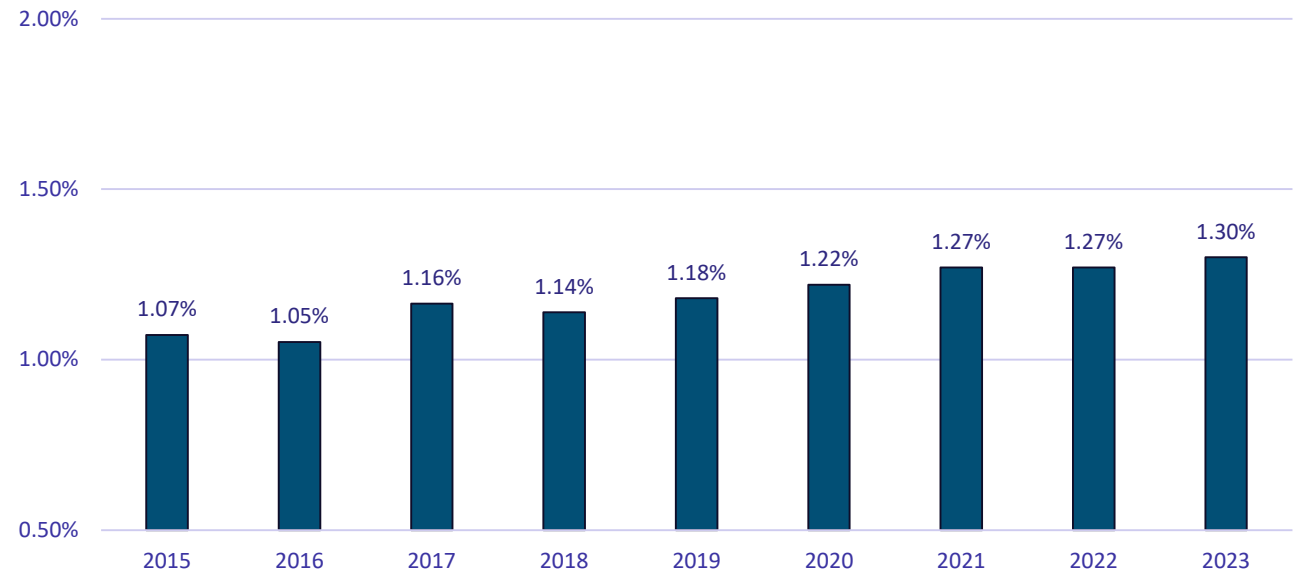
	2023	2023	
	Residential	Commercial	Recommended Tolerance
Median Ratio	0.9198	0.9120	0.90 to 1.00
Price Related Differential (PRD)	1.000	1.0200	0.98 to 1.03
Coefficient of Dispersion (COD)	1.0591	1.1451	1.20 or Less

Per the guidelines and performance measures as set forth by the State of North Dakota Tax Commissioner's Office, the level of assessment should be near 100% using the median; however, the State Board of Equalization has traditionally allowed a 10% tolerance below 100%. The PRD should be between 0.98 and 1.03 to avoid bias in the assessments of high-value properties in comparison to low-value properties. A COD between 1.00 and 1.20 shows the quality of the assessments is acceptable. Dispersions over 1.20 would indicate the assessments are not uniform and, therefore, need investigation.

The 2023 median was calculated after 2022 market values were updated. Updates to market values were applied in compliance with State of North Dakota guidelines and professional practices to reflect market conditions. The 2023 measurements as set forth by the State of North Dakota guidelines and professional practices indicate that the City is within measures of central tendency. The above measures of relationship between the ratios of high-valued properties and low-valued properties indicate that both residential and commercial properties are within the recommended tolerance.

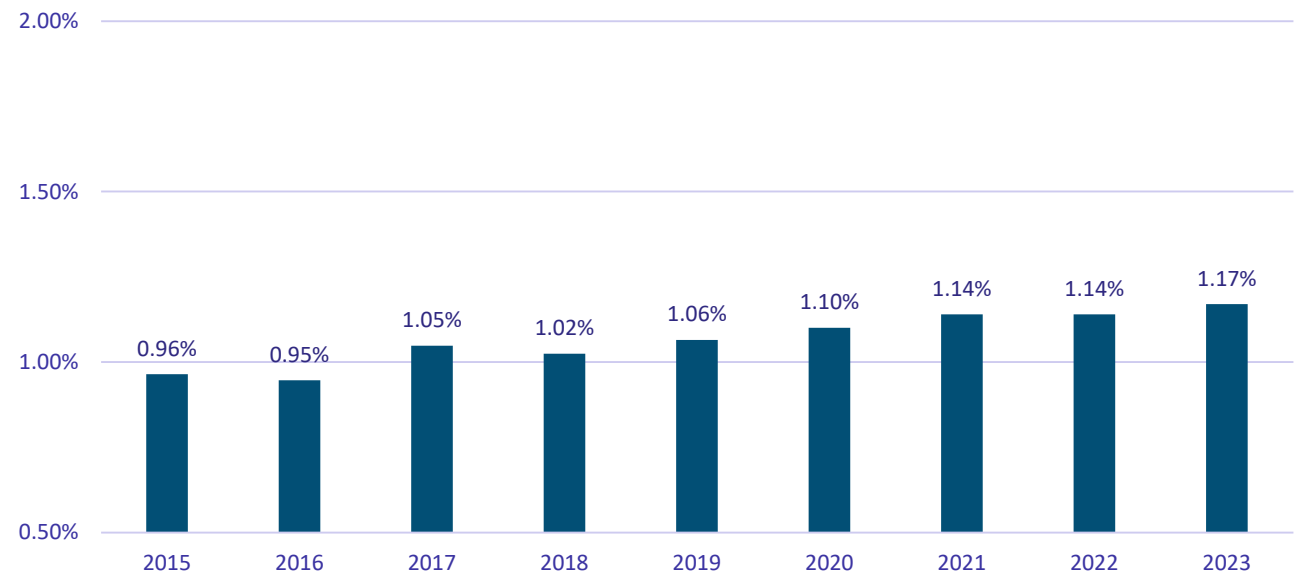
HISTORICAL GRAPHS

EFFECTIVE TAX RATE FOR COMMERCIAL PROPERTY



Effective Tax Rate (ETR) is the ratio between the property value and the current real estate taxes. This represents the tax paid per \$1,000 of market value (i.e. for 2023 the commercial ETR equals a \$13.00 tax per \$1,000 of market value). This includes the 12% the State of North Dakota paid for 2013, 2014, 2015, and 2016 to reduce tax burden.

EFFECTIVE TAX RATE FOR RESIDENTIAL PROPERTY



Effective Tax Rate (ETR) is the ratio between the property value and the current real estate taxes. This represents the tax paid per \$1,000 of market value (i.e. for 2023 the residential ETR equals a \$11.70 tax per \$1,000 of market value). This includes the 12% the State of North Dakota paid for 2013, 2014, 2015, and 2016 to reduce tax burden.

ASSESSING STATISTICAL INFORMATION

Facts concerning single-family properties, not including condominiums, townhomes, duplexes, or triplexes, in the City are as follows:

- City Assessor records indicate the median sale price of single-family residences was \$332,484 in 2023 on 732 sales.
- Multiple Listing Service (MLS) reported that 575 single-family homes sold through a realty company.
- MLS records indicate a median sale price for single-family homes that were listed with MLS in the City was \$329,900 for 2023

Year	# Sales	Median Sale Price
2023	575	\$ 329,900
2022	635	\$ 310,000
2021	826	\$ 309,950
2020	785	\$ 283,348
2019	696	\$ 274,450
2018	665	\$ 260,000
2017	684	\$ 260,000
2016	670	\$ 259,900
2015	652	\$ 258,900
2014	702	\$ 254,950
2013	570	\$ 232,950

- The highest residential sale price on record for 2023 was \$1,580,000.
- The median assessment of single-family residences is \$312,300 in 2024.