

Staff Report for 2023 State Board of Equalization

File No.: 2023-GRIGGS-SALES RATIO STUDY

Prepared By: Property Tax Division

County or City: Griggs County

Appellant:

Issue: Sales Ratio Study

Summary: Griggs County completed its 2023 Sales Ratio Study after the August State Board of Equalization meeting. The Study shows that agricultural, residential, and commercial property is all out of tolerance.

Analysis: Griggs County did not complete its 2023 Sales Ratio Study until after the August State Board of Equalization meeting. Property Tax Division staff reviewed the Griggs County sales ratio study after it was completed. Upon investigation, the Griggs County agricultural value indicates a sales ratio of 85%, the Griggs County commercial value indicates a sales ratio of 80%, and the Griggs County residential value indicates a sales ratio of 81%. These sales ratios are below the State Board of Equalization's 2023 acceptable tolerance range of 90% - 100%.

Griggs County's sales ratio information was submitted to the Property Tax Division on Friday, September 15, 2023. Property Tax Division staff investigated Griggs County's sales information from 2018 through 2022. During the investigation, it was determined that Griggs County's property values are inequitable across all jurisdictions and property types. It was further determined that the five-year historical average sales ratios are as follows: agricultural 90%, commercial 94%, and residential 93%.

Property Tax Division staff visited with Allan Vietmeier, who contractually completed the 2023 Sales Ratio Study for Griggs County. Staff determined that Griggs County may not have included all arm's length transactions from the previous years' sales ratio study. Sales may only be removed if they are not an arm's length transaction, removing sales unnecessarily influences the sales ratio study and can impact market changes to valuations throughout the county.

During the investigation, the following sales ratios were determined for each jurisdiction:

- City of Binford
 - Commercial Sales Ratio of 119%
 - Residential Sales Ratio of 105%

- City of Cooperstown
 - Commercial Sales Ratio of 132%
 - Residential Sales Ratio of 88%

600 E. BOULEVARD AVE., DEPT 127
BISMARCK, ND 58505-0599

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- City of Hannaford
 - Commercial Sales Ratio of 106%
 - Residential Sales Ratio of 76%

- Griggs County (outside of any city's jurisdiction)
 - Commercial Sales Ratio of 19%
 - Residential Sales Ratio of 17%
 - Agricultural Sales Ratio of 85%

Agricultural, commercial, and residential valuations must be increased to bring the sales ratios within tolerance. Individualized adjustments will bring each classification of property into tolerance using the five-year average sales ratios as follows: commercial 94%, residential 93%, and agricultural 92%

Recommendation: Direct Griggs County to decrease the City of Binford's commercial value by 29% to an approximate value of \$1,019,596, decrease the City of Cooperstown's commercial value by 42% to an approximate value of \$6,925,869, decrease the City of Hannaford's commercial value by 16% to an approximate value of \$1,317,663, and increase the commercial value in the county, outside of any city's jurisdiction, by 40% to an approximate value of \$47,624,279. The result of these changes will be an overall increase of 16% to an approximate cumulative total county commercial assessment of \$56,887,406.

Direct Griggs County to decrease the City of Binford's residential value by 15% to an approximate value of \$2,328,781, increase the City of Cooperstown's residential value by 2% to an approximate value of \$28,629,752, increase the City of Hannaford's residential value by 14% to an approximate value of \$3,488,199, and increase the residential value in the county, outside of any city's jurisdiction, by 27% to an approximate value of \$30,286,503. The result of these changes will be an overall increase of 12% to an approximate cumulative county residential assessment of \$64,733,235.

Direct Griggs County to increase all agricultural valuation by 9% to an approximate value of \$322,924,787.

Direct Griggs County to complete a reassessment of their commercial and residential property for tax year 2025.

Review property assessment notice requirements in North Dakota Century Code § 57-02-53(1)(b) and administer as applicable.

Commercial Sales Ratio Analysis

Binford	
Information Provided	
Total Sales	5
Total Sales Price	\$ 162,200
Total Value	\$ 127,758
Arithmetic Mean	79%
Aggregate Mean	102%
Median	119%

Cooperstown	
Information Provided	
Total Sales	37
Total Sales Price	\$ 4,022,506
Total Value	\$ 3,492,332
Arithmetic Mean	87%
Aggregate Mean	143%
Median	132%

Hannaford	
Information Provided	
Total Sales	3
Total Sales Price	\$ 46,276
Total Value	\$ 44,112
Arithmetic Mean	95%
Aggregate Mean	91%
Median	106%

County	
Information Provided	
Total Sales	7
Total Sales Price	422,711
Total Value	264,632
Arithmetic Mean	63%
Aggregate Mean	37%
Median	19%

***Price Related Differential (PRD)**

*This is a statistic used to measure assessment regressivity or progressivity.

*A statistic of 1.03 and greater (regressivity) indicate that high-value properties are valued disproportionately high compared to low-value properties.

*A statistic of 0.98 - 1.03 indicate equity in value between high-value and low-value properties. A Statistic of 1 is considered perfect equity in value.

*A statistic of 0.98 and lower (progressivity) indicate that low-value properties are valued disproportionately high compared to high-value properties.

***Coefficient of Dispersion (COD)**

*This is a statistic to measure the average difference from the median ratio

*Property Assessment Valuation Book, produced by IAAO, indicates on page 446 that any COD less than 15 is considered "low" and are "associated with good appraisal uniformity" and any COD below 5 is very rare.

	Coefficient of Dispersion	Price Related Differential
	Goal = <15	Goal = 0.98 - 1.03
Binford	96.72	0.77206
Cooperstown	52.85	0.60527
Hannaford	43.71	1.04598
County	126.32	1.70118

2023 Sales Ratio Study Commercial Ratio is at 80%
Historic Average Commercial Sales Ratio is at 94%
Increase of 14% to reach historic average

Tolerance Level	Assessment Amount
100%	\$ 60,732,109
94%	\$ 57,088,182

Starting Sales Ratio from Study:	Change to reach 90%		2023 True and Full Value	% Inc Needed	New indicated True and Full Value
119%	-29%	Binford	\$ 1,436,050	-29%	\$ 1,019,596
132%	-42%	Cooperstown	\$ 11,941,154	-42%	\$ 6,925,869
106%	-16%	Hannaford	\$ 1,568,646	-16%	\$ 1,317,663
19%	71%	County	\$ 34,017,342	40%	\$ 47,624,279
		Total	\$ 48,963,192		\$ 56,887,406

Overall Change in True and Full Value	116%
Tolerance Level Reached	94%

Residential Sales Ratio Analysis

Binford	
Information Provided	
Total Sales	9
Total Sales Price	235,500
Total Value	235,598
Arithmetic Mean	100%
Aggregate Mean	114%
Median	105%

Cooperstown	
Information Provided	
Total Sales	117
Total Sales Price	9,099,472
Total Value	7,244,598
Arithmetic Mean	80%
Aggregate Mean	100%
Median	88%

Hannaford	
Information Provided	
Total Sales	14
Total Sales Price	1,501,622
Total Value	1,111,730
Arithmetic Mean	74%
Aggregate Mean	73%
Median	76%

County	
Information Provided	
Total Sales	130
Total Sales Price	10,588,811
Total Value	3,828,420
Arithmetic Mean	36%
Aggregate Mean	34%
Median	17%

*Price Related Differential (PRD)

- *This is a statistic used to measure assessment regressivity or progressivity.
- *A statistic of 1.03 and greater (regressivity) indicate that high-value properties are valued disproportionately high compared to low-value properties.
- *A statistic of 0.98 - 1.03 indicate equity in value between high-value and low-value properties. A Statistic of 1 is considered perfect equity in value.
- *A statistic of 0.98 and lower (progressivity) indicate that low-value properties are valued disproportionately high compared to high-value properties.

*Coefficient of Dispersion (COD)

- *This is a statistic to measure the average difference from the median ratio
- *Property Assessment Valuation Book, produced by IAAO, indicates on page 446 that any COD less than 15 is considered "low" and are "associated with good appraisal uniformity" and any COD below 5 is very rare.

	Coefficient of Dispersion	Price Related Differential
	Goal = <15	Goal = 0.98 - 1.03
Binford	249.90	0.87636
Cooperstown	36.28	0.79372
Hannaford	25.37	1.01428
County	139.54	1.06322

2023 Sales Ratio Study Residential Ratio is at 81%
Historic Average Residential Ratio is at 93%
Increase of 12% to reach historic average

Tolerance Level	Assessment Amount
100%	\$ 69,336,373
93%	\$ 64,482,827

Starting Sales Ratio from Study:	Change to reach 90%		2023 True and Full Value	% Inc Needed	New indicated True and Full Value
105%	-15%	Binford	\$ 2,739,742	-15%	\$ 2,328,781
88%	2%	Cooperstown	\$ 28,068,384	2%	\$ 28,629,752
76%	14%	Hannaford	\$ 3,059,824	14%	\$ 3,488,199
17%	73%	County	\$ 23,847,640	27%	\$ 30,286,503
		Total	\$ 57,715,590		\$ 64,733,235

Overall Change in True and Full Value 112%
Tolerance Level Reached 93%

Griggs County Agricultural Value		
NDSU Ag Value / Acre	\$	792.46
Griggs County Ag Value / Acre	\$	669.60
Indicated Sales Ratio		85%
Recommended Sales Ratio		92%
Recommended Increase	\$	59.46
Recommended Value / Acre	\$	729.06
Recommended Increase		9%
Total Agricultural Acres		442,931.13
Recommended Total Agricultural Value	\$	322,924,787.02

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600 E. BOULEVARD AVE., DEPT. 127 | BISMARCK, ND 58505-0599

PHONE: 701-328-7088 | TTY: 800-366-6888

