

Staff Report for 2023 State Board of Equalization

File No.: 2023-MCINTOSH-COMMERCIAL TOLERANCE

Prepared By: Property Tax Division

County or City: McIntosh County

Appellant:

Issue: Commercial Sales Ratio is not within tolerance.

Summary: The sales ratio study indicates a commercial sales ratio of 89%.

Analysis: McIntosh County's commercial value indicates a sales ratio of 89%. This sales ratio is below the State Board of Equalization's 2023 acceptable tolerance range of 90% - 100%.

Property Tax Division staff investigated McIntosh County's sales information from 2018 through 2022. During the investigation, it was determined that the historical average sales ratio has been 97% and the following are the primary causes of the low sales ratio:

- The City of Wishek shows a commercial sales ratio of 90%
- Commercial properties located in the county, outside any city's jurisdiction, show a commercial sales ratio of 90%

The cities of Lehr, Venturia, and Zeeland had a cumulative total of 11 commercial sales from 2018 through 2022, which is an insufficient number of sales to get a true picture of the market. These will be considered outliers for the adjustment and will not warrant any change in value.

Commercial valuations must be increased to bring the commercial sales ratio within tolerance. Tailoring the adjustments to the primary causes of the countywide low sales ratio best accomplishes equalization in McIntosh County. An adjustment to the City of Wishek and the commercial property located in McIntosh County, outside any city's jurisdiction, will allow McIntosh County to achieve the historical average sales ratio of 97%.

Proposal for Review: Direct McIntosh County to increase commercial property within the City of Wishek by 10% to an approximate value of \$11,302,913 and commercial property located in McIntosh County, outside any city's jurisdiction, by 10% to an approximate value of \$10,159,963. The result of these two increases will be an overall increase of 7% to an approximate cumulative county commercial assessment of \$28,777,785.

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

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