



NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER GUIDELINE - PROPERTY TAX: ASSESSMENT SALES RATIO STUDY

OVERVIEW

The annual sales ratio study is conducted by the North Dakota Office of State Tax Commissioner to measure the quality, accuracy, and uniformity of real property assessments. Its purpose is to guide local and county assessment officials and governing boards to value residential and commercial property at current market value and equalize assessments within their jurisdictions. Three uploads to the Office of State Tax Commissioner are required to determine if a classification of property falls within the tolerance level established by the State Board of Equalization: Schedule Bx, Assessment Abstract, and Supplementary Abstract.

PROVISIONS

North Dakota Century Code (N.D.C.C.) § 57-01-05(4) provides authority to the state supervisor of assessments to conduct an annual sales ratio study. The annual sales ratio study shall be compiled by the directors of tax equalization or city assessors and analyzed with the County Board of Equalization for the purpose of advising the state supervisor of assessments of the results from the study. The state supervisor of assessments, from the outcome of the sales ratio study, is to provide recommendations to the Tax Commissioner for changes to be made by the State Board of Equalization, for its equalization powers and duties under N.D.C.C. Ch. 57-13.

PROCEDURE - FILING THE REPORT WITH THE COUNTY RECORDER AND THE SCHEDULE BX - STEP 1

North Dakota Century Code § 11-18-02.2 requires that statements of full consideration be filed with the county recorder when a deed is filed for real property. See N.D.C.C. § 11-18-02.2(5) for the definition of deed. Statements should include either one of the following:

1. A statement of the full consideration paid for the property conveyed, included on the face of the deed.
2. A statement designating one of the exemptions allowed by N.D.C.C. § 11-18-02-.2(6).
 - a. Property owned or used by public utilities.
 - b. Property classified as personal property.
 - c. A sale when the grantor and the grantee are of the same family or corporate affiliate, if known.
 - d. A sale that resulted as a settlement of an estate.
 - e. All forced sales, mortgage foreclosures, and tax sales.
 - f. All sales to or from religious, charitable, or nonprofit organizations.
 - g. All sales when there is an indicated change of use by the new owners.
 - h. All transfer of ownership of property for which is given a quitclaim deed.
 - i. Sales of property not assessable by law.
 - j. Agricultural lands of less than eighty acres [32.37 hectares].

At the time of recording, the county recorder completes a report, either by paper or electronically, for each transaction. This form is commonly known as a schedule Bx or report of the county recorder. The Bx provides necessary information to identify the property in the transaction. This information includes the lot, block, addition number, city, township name and number, date of recording, and type of deed. The report should be filed at least monthly with the director of tax equalization.

The director of tax equalization or city assessor has the responsibility to compile the remaining information on the Bx form and verify the sales transaction. The full schedule Bx layout, County names and numbers, City names and numbers, and Township/Range names and numbers can be found at www.tax.nd.gov/developer.

County recorders should provide information required in the first 16 fields of the upload format. Preparing the annual sales ratio information in a Microsoft Excel workbook document is recommended.

Field #01-File Type: Enter ASRBX. This entry is used consistently for the entire document. It is required for the upload to be accepted. ASR is the programming code for the Annual Sales Ratio. BX identifies the form that is being submitted for this portion of the process.

Field #02-Year: Enter the four-digit year. This represents the year of the study. All sales recorded in 2023 will be reported in the upload that may be submitted beginning after January 31, 2024. This is used consistently for the entire document.

Field #03-County Name: Enter the county name. This is used consistently for the entire document.

Field #04-County Number: Enter the county number assigned to the county reporting. This is used consistently for the entire document. The county name and number must match to be successfully uploaded.

Field #05-City Name: This is required to be entered if the transaction represents a sale within a city. This city name and number must match and be assigned to the county reporting.

Field #06-City Number: This is required to be entered if the transaction represents a sale within a city. The city number must match the city name and be assigned to the county reporting.

Field #07-Lot Number: This information is gathered from the legal description on the document recorded. Enter only the first lot number from the description, i.e.: Lots 1-7, enter only the number "1".

Field #08-Block Number: This information is gathered from the legal description on the document recorded. Enter only the first block number from the description, i.e.: Blocks 5-12, enter only the number "5".

Field #09-Addition Number: This number is assigned by the jurisdiction.

Field #10-Township Number: This is required to be entered if the transaction represents a sale within a township. This three-digit number is from the legal description on the document recorded. It must match the range number and be a township that is assigned to the reporting county.

Field #11-Range Number: This is required to be entered if the transaction represents a sale within a township. This number is from the legal description on the document recorded. It must match the township number and be a township that is assigned to the reporting county.

Field #12-Section Number: This is required to be entered if the transaction represents a sale within a township. This two-digit number is from the legal description on the document recorded. It must provide the section number where the property is located.

Field #13-Date of Recording: Enter the date noted as being filed with the county recorder. This date should appear on the document that was recorded. It must be entered as MM/DD/YYYY format to be successfully uploaded.

Field #14-Document Number: Enter the number assigned to the deed by the county recorder. If this transaction is being added as an appraisal to meet the minimum number of sales, this field is to be completed with the letters APPR.

Field#15-Date of Document: Enter the year of the original document. This is the four-digit year that the document was signed or created. A deed may have been prepared in 1999 and not recorded until 2020. The transaction remains in the information reported for the year but must note the actual year of the transaction. A sale that occurs outside the annual sales ratio period may be noted as an unusable sale.

Field #16-Type of Deed: The only numbers accepted in this field are “0”, “1”, or “2”. Enter “1” for a warranty deed, “2” for a contract for deed, and “0” for any other type of deed.

Transactions located within cities that maintain their own sales ratio must be forwarded by the director of tax equalization to the city assessor.

The director of tax equalization or city assessor will review the information provided by the county recorder and complete the remaining fields for the upload. A questionnaire may be provided to the buyer and/or seller to gather details that will be helpful. The following page has an example of one used by one of the counties.

EXAMPLE
County Sales Questionnaire

Tax Director/City Assessor
assessor@county.gov

Name (Buyer/Seller)
987 XYZ Street
Best City, ND 12345

Dear Name,

According to the State of North Dakota, my office is required to verify all real estate transfers that take place in THIS County. The below questions have been completed with information that this office has received. Please correct any information that is incorrect and complete the remaining questions that are applicable to this sale. Once completed, please return to this office by mail or email.

Seller: _____ Buyer: _____

Date of deed: _____ Sale Price: _____

Legal Description: _____

1. Buyer Phone Number: _____
2. Seller Phone Number: _____
3. Were there additional considerations, other than the sale price, included with the sale? If so, please describe items and estimated value (hunting rights, assumption of mortgage, mineral rights, personal property) _____
4. Was this property offered for sale on the open market? _____
5. What was the original asking price? _____
6. How long was this property on the market? _____
7. Was there any recent upgrades or damage to the property? If so, please describe: _____
8. Is there any relationship between buyer and seller? If so, please describe (i.e. family, friends, business relationship): _____
9. Did the relationship affect the sale price? If so, how much? _____
10. Were there any agreements prior to the sale? (contract for deed, 1st chance to purchase, etc.) _____
11. Do you consider the sales price to be a fair market value of the property? Please explain: _____
12. Were there tax-exempt buildings included in the sales price? If so, what is the estimated value? _____
13. How many acres were included in the sales price? _____
14. Was there an appraisal completed on the property? If so, what was the determined value? _____

Thank you for taking the time to answer these questions.

The upload provided to the Office of State Tax Commissioner is to include the Bx information for every transaction recorded during the annual study year. The director of tax equalization or city assessor, following review of each transaction, shall mark the sale as usable or unusable. Usable sales would be considered the arm's-length transactions between a willing buyer and a willing seller. If a quit claim deed can be verified as an arm's length transaction, it is not required to be identified as unusable. A sales transaction that does not require financing may be completed with a quit claim deed.

Field #17-More Land transferred: If additional land was included in the deed for example: NW1/4NW1/4 Sec. 1/125/63 and NE1/4SW1/4 Sec. 2/125/64 for townships and Lots 1-5 Blk. 2 & Lots 5-8 Blk. 3 Original Add. You would use the first legal description and then mark more land transferred.

Field #18-Sales Price in Dollars: Enter the amount of the sale price included on the deed as a whole dollar amount.

Field #19-Personal Property: Enter the amount of personal property or other seller's concessions included in the amount provided as the purchase price in Field #18. The director of tax equalization or assessor may use information from a questionnaire or have direct contact with the individuals to gather this information.

Field #20-Net Sale Price: Calculate and enter the amount of Field #18 minus the amount entered in Field #19. If formulas are added to the worksheet that complete this calculation, remove any formulas from the worksheet prior to uploading the ASRBX. Formulas in the upload document will create an error and not allow the upload to be completed.

Field #21-Assessor's True and Full Value: Prior To Uploading ASRBX, the true and full value must be entered as the most recent value equalized by the State Board of Equalization. For example, when prior year sales are included to meet the minimum requirement of sales, a sale listed in 2021 must have the true and full value updated to the 2023 equalized value for the 2024 Schedule BX.

Field #22-Sales Ratio: Calculate and enter the assessor's true and full value divided by the net sale price. Enter in whole numbers. If formulas are added to the worksheet that complete this calculation, remove any formulas from the worksheet prior to uploading the ASRBX. Formulas in the upload document will create an error and not allow the upload to be completed.

Field #23-Type of Property: Enter the number that corresponds to the type of property transferred in the deed. "1" = Agricultural land, "2" = Commercial, "3" = Residential, "4" = Lakeshore, "5" = Vacant Lots, and "6" = Mobile Home.

Field #24-Area Type: Enter "1" if the property is in a city. Enter "2" if the property is in a township.

Field #25-Acres: Enter the appropriate number that best represents the information provided on the document being recorded. If "1" on Field #24 and platted, must enter "0". If "1" on Field #24 and unplatted, must be 1 acre or greater. If "1" on Field #24 and "1" on Field #23, must be 1 acre or greater. If "2" on Field #24 and "1" on Field #23, acres must be 80 acres or greater. This field is required. Enter whole numbers only.

Field #26-Transaction verified in Sales Ratio Study: This field is used to designate if the director of tax equalization or assessor has deemed the transaction to be a usable sale. It is important to understand the nature of the sale because it will be used to support the local assessments. If the sale has been determined to be usable in the study, enter the number "1". If the sale is considered unusable in the study, enter the number "0". A reason for excluding the sale will be required in the following fields.

Remember to exclude only the transactions that are specifically identified as unusable. Transactions represent the current market and should be included as often as possible to ensure that assessments can be supported by reported sales.

Field #27-Transaction Explanation: If a "0" was entered in field #26, a reason to exclude the transaction must be entered here. The allowable reasons to exclude a sale as unusable **MAY** include the following:

1. Property owned or used by public utilities.
2. Property classified as personal property.
3. A sale where the grantor and the grantee are of the same family or corporate affiliate.
4. A sale which resulted as a settlement of an estate.
5. REPEALED
6. Forced sale, mortgage foreclosure, or tax sale.
7. Sales to or from a religious, charitable, or nonprofit organization.
8. A transfer of ownership of property for which is given a quitclaim deed.
9. Sales of property which is not assessable by law.
10. Agricultural lands of less than 80 acres.
11. Sales where only a part interest in the property has been sold.
12. The date of the sale was not within the base period.
13. Sales for a completed structure, whereas the assessment records show only a partial assessment on the structure.
14. The subject property constitutes, or is part of, an exchange of properties.
15. The deed resulted from the completion of a contract made prior to the current year.
16. The grantor is transferring property to avoid a lien or judgment.
17. Sales where there is an indicated change of use by the owner.
18. Agricultural lands where a large portion of the sale price is attributed to farm buildings which are exempt from taxation.
19. Sales where the total sale price includes the price paid for a significant amount of personal property which is difficult to evaluate.
20. Sales of vacant lots which show a building having been erected and assessed at this location since the date of this sale.
21. Sales where the property described in the deed does not coincide with the assessment records in the county auditor's office.
22. Sales of commercial or residential property where the building has been removed or destroyed and the assessment records show only a valuation for the land.
23. Other reasons not listed above.

It is important to exclude only the transactions that are specifically identified as unusable. Transactions represent the current market and should be included as often as possible to ensure that assessments can be supported by reported sales.

Field #28-Explanation of Other: If "23" was entered in Field #27, a description must be provided to explain why the sale is being excluded from the annual sales ratio study.

Field #29-Verification Method: Enter the number that best represents how the director of tax equalization or assessor determined if the sale is to be used in the annual sales ratio study. Enter “1” for correspondence, which may include a questionnaire. Enter “2” for personal contact with the buyer or seller. Enter “3” for telephone communication. Enter “4” for any other type of communication that may include email or prior knowledge of the sale, i.e.: director of tax equalization or assessor has personal knowledge that the buyer and seller are from the same family.

Field #30-Verifying agency: Enter the number that best represents which agency verified if the sale is to be used in the annual sales ratio study. Enter “1” if verified by the state. Enter “2” if verified by the county. Enter “3” if verified by the local assessor.

Field #31-Parcel number: Enter the parcel number.

Mobile Home Sales Information:

Field #32-Width: Enter the width of the mobile home.

Field #33-Length (Excluding Hitch): Enter the length only without the hitch.

Field #34-Sq. Ft. of Living Area: Enter the sq. ft. of living area.

Field #35-Model Year: Enter the year of mobile home.

Field #36-Sq. Ft. of Entry Shed: Enter sq. ft. of entry shed if any.

ADDITIONAL NOTES

Each county or city that maintains its own sales ratio study which has 300 or more **improved** properties assessed for residential or commercial must submit a minimum of 30 sales for each classification. Counties or cities that have less than 300 **improved** properties assessed, per classification of residential or commercial, must report 10% of the total number of **improved** properties in that classification. If a jurisdiction falls under the total amount of sales required, the prior three years of sales may be added to supplement the number of sales. This is done by adding all of the sales, both usable and unusable, one year at a time, starting with the most recent year.

As an example: A county has 34 residential sales transactions to report. Of those transactions, 28 have been deemed usable. The county needs to supplement usable sales to reach its required 30 sales. The prior year contained 34 usable sales and 17 unusable sales. Only two sales are required to meet the year’s minimum, but all 51 sales must be uploaded to complete the current year’s sales ratio study. If the required minimum was not met with the most recent year, the next year of supplements may be uploaded using the same process. The county director of tax equalization or city assessor must again verify the prior years’ sales to determine if they continue to be usable for the study. The assessor’s true and full value must be updated to the final assessment approved by the most recent State Board of Equalization to calculate an updated sales ratio.

If unable to meet the sales required after considering a three-year history, appraisals must be provided until the sample size requirement is met. For counties or cities with a history of requiring appraisals to supplement sales information, it is recommended that a selection of properties be reviewed and assessment documents prepared each year to ensure that adequate appraisals are available when needed. This process also ensures that properties are visited on a consistent cycle to support assessments and identify changes in property characteristics. The Office of State Tax Commissioner may require documentation of appraisals at the time of upload. This documentation may be used to support the results of the sales ratio study at the time of the State Board of Equalization review.

Although only due to the Office of State Tax Commissioner once a year, the process of completing the schedule Bx, verifying sales, and analyzing the sales' effect on the existing assessments should be an ongoing process and completed monthly. The completed schedule Bx, containing the minimum sales required for each classification of property, is to be uploaded to the Office of State Tax Commissioner yearly by using Taxpayer Access Point (TAP). The ability to upload is available starting January 31 of each year, which provides for sales recorded in December of the prior year to be included with the upload.

Using the Sales Ratio Adjustment Worksheet

**OFFICE OF STATE TAX COMMISSIONER STATE OF NORTH DAKOTA
TRUE & FULL VALUE /SALES RATIO ADJUSTMENT WORKSHEET
COUNTY/CITY: _____**

	COMMERCIAL		RESIDENTIAL		AGRICULTURAL
	Prior Year	Current Year	Prior Year	Current Year	
True and Full Value	0	0	0	0	1. Agricultural Value per acre calculated by NDSU
Vacant Lot Value	0	0			
1. True and Full Value Minus Vacant Lot Value	0	0			
Supplementary Abstract Increases		0		0	0.00
Decreases	0		0		
Vac Lot Increases		0			
Vac Lot Decreases	0				
2. Increases Minus Vacant Lots	0	0			2. Value per acre as equalized by County
3. Decreases Minus Vacant Lots	0				
4. Adjusted T&F Values (Line 1 minus L. 2 Or L. 3)	0	0	0	0	0.00
5. T & F/Sales Ratio %	0.0%		0.0%		3. Agricultural value minus County value
6. Indicated Market Value (Line 4 ÷ Line 5)	#DIV/0!		#DIV/0!		(line 1 minus line 2) 0.00
7. Current T & F/Market Value Ratio % (Line 4)		#DIV/0!		#DIV/0!	
8. Mkt Value Minus Current T & F (Line 6 - Current Line 4)		#DIV/0!		#DIV/0!	4. Indicated change needed to reach Agricultural value.
9. Indicated Change Needed To Reach 100% Value (Line 8 / Prior Line 4)		#DIV/0!		#DIV/0!	(line 3 / line 2) #DIV/0!

The schedule Bx document upload is required annually to the Office of State Tax Commissioner, but the schedule Bx is a tool for the director of tax equalization and assessor when preparing assessments that reflect the current market of property. Completing a schedule Bx and sales ratio calculations only at the time of the required upload will limit the time available to make any necessary adjustments at the local level. The sales ratio adjustment worksheet should be used to review assessments several times during the annual sales ratio study; monthly if information allows.

Information available for the sales ratio adjustment worksheet will be limited to the prior year assessments and current year assessments until supplementary abstract detail is completed. The results of the current annual sales ratio study will be entered to determine the total true and full value required to be between 90% and 100% of total market value.

To complete the sales ratio adjustment worksheet calculations for commercial or residential property, enter the final true and full value of the specific classification of property. This number may be the total true and full value of property as uploaded in June or true and full value from an updated abstract required by state board of equalization action. If a county or city were required to make any adjustments at the final State Board of Equalization meeting for reviewing local assessments, an updated abstract of assessments is required to be uploaded to the Office of State Tax Commissioner.

The total true and full value for the classification of property, from the original abstract of assessments or updated abstract of assessments, is entered in the “prior year” true and full value on the sales ratio adjustment worksheet.

The true and full value for the classification of property for the current year is entered on the sales ratio adjustment worksheet. During the annual sales ratio study, this number may be the same as the prior year’s true and full value. If assessment changes due to abatement actions or omitted property assessment have occurred since the finalization of assessments by the State Board of Equalization, be certain to enter the most accurate or state board approved true and full value as it exists in the taxation or assessment program. Document each individual change for consideration and possible inclusion on the supplementary abstract. Abatements or omitted assessment changes may meet the requirements to be included in the increases or decreases reported on the supplementary abstract and sales ratio adjustment worksheet.

Review supplementary abstract instructions Field #13 through Field #20 to make determination of the changes included in the increases or decreases. The supplementary abstract instructions are available at www.tax.nd.gov/developer. If changes to the current year true and full value are supported by changes reported on the supplementary abstract, include the increase or decrease on the sales ratio adjustment worksheet where noted.

The increases and decreases are used on the sales ratio adjustment worksheet to create a true and full value that compares the prior year to the current year. As an example: It would be expected that the prior year’s true and full value of residential property was between 90% and 100% of market value. The worksheet then begins with the prior year’s true and full value. Since the final assessment of the prior year, \$950,000 of true and full value is an increase due to new construction. A decrease of \$100,000 of true and full value occurred because residential property was changed to commercial classification. The sales ratio adjustment worksheet creates a calculation based upon the two years containing the same property. Therefore, increases and decreases are subtracted from the appropriate column to create an “apples to apples” comparison before the sales ratio median result is applied.

The example provided would indicate that assessment changes occurred based upon market adjustments. The current year assessment is \$1,078,000 higher than the prior year’s final assessment, which is greater than the increase reported for the supplementary abstract of \$950,000 of true and full value. Market adjustments are **not** reported as increases or decreases. The market adjustments are included in the overall total true and full value reported.

	Prior Year	Current Year
True & Full Value	12,000,000	13,078,000
Supplementary Abstract		
Increases		950,000
Decreases	100,000	
Adjusted T & F Values	11,900,000	12,128,000

Using the cumulative results of the schedule Bx document, considering only the transactions that have been deemed usable in the current annual sales ratio study, locate the MEDIAN ratio from Field #23 of the schedule Bx. The median is the percentage ratio that is the midpoint of all ratios in the study. Do not use an average. Enter the median in the sales ratio adjustment worksheet.

	Prior Year	Current Year
True & Full Value	12,000,000	13,078,000
Supplementary Abstract		
Increases		950,000
Decreases	100,000	
Adjusted T & F Values (Line 1 less Line 2 or Line 3)	11,900,000	12,128,000
Prior Year Sales Ratio Median	87%	

Continuing the calculations of the sales ratio adjustment worksheet, the median is applied to the prior year adjusted true and full value to determine a true and full value for the current year. The current true and full value is divided by the market value calculated. This percentage represents the tolerance level for the residential property for the current year.

The calculations continue to provide the percentage increase that would be required to present assessments for the current year at 100% of the indicated market value.

	Prior Year	Current Year
True & Full Value	12,000,000	13,078,000
Supplementary Abstract		
Increases		950,000
Decreases	100,000	
Adjusted T & F Values (Line 1 less Line 2 or Line 3)	11,900,000	12,128,000
Prior Year Sales Ratio Median	87%	
Indicated Market Value (Line 4/Line 5)	13,678,161	
Current T & F/Market Value in Line 6		88.7
Market Value Minus Current T & F (Line 6 less Line 4)		1,550,161
Indicated Change Needed to Reach 100% of T & F Value (Line 8/Line 4)		12.8

Using the sales ratio adjustment worksheet, as often as monthly, allows the director of tax equalization or assessor to determine market adjustments that may be required. The calculations allow the director of tax equalization or assessor to determine percentage increases required prior to the local and/or county boards of equalization.

The sales ratio adjustment worksheet, at a minimum, should be completed with current year true and full values and all supplementary abstract increases and decreases PRIOR to the County Board of Equalization. Completing the sales ratio adjustment worksheet prior to the County Board of Equalization allows the local assessors, director of tax equalization and County Board of Equalization to make determinations on local assessments. Tolerance level adjustments adopted by the State Board of Equalization require classifications falling below a 90% ratio of current true and full value to market value to be increased.

Adjustments may be made at the County Board of Equalization, as provided in North Dakota Century Code Ch. 57-12 Notice of assessment changes may be required prior to or following action of the County Board of Equalization. Review the Notice of Increase in Real Estate Assessment requirements at www.tax.nd.gov/AssessorResources.

ASSESSMENT ABSTRACT - STEP 2

The assessment abstract reports the total of the current year assessments as equalized by the county. The report provides totals by classification of property and assessment district. The report is most likely generated by your taxation program. The county auditor or director of tax equalization upload the information to TAP. The abstract is due by June 30 each year.

The upload layout and instructions can be found at www.tax.nd.gov/developer.

Details required in each field of the assessment abstract are specifically provided in the layout instructions.

Fields #01 through #09 require the file type of ASR, year, and county name consistently for the entire document. City and township names and numbers must meet the requirements defined. Specific instructions are provided in the link included with this section of the publication and also with the schedule Bx detail.

Fields #10 through #15 provide acreage and valuation details for woodland and agricultural land for each township and city.

Fields #16 through #20 provide land value and structure value detail for residential property for each township and city.

Fields #21 through #25 provide land value and structure value detail for commercial property for each township and city.

Field #26 - Subtotal of Taxable value: This number is the total of taxable value calculated for all agricultural land, residential property, and commercial property.

Fields #27 and #28 report the total number of homestead credit applications approved for the reporting year of the abstract of assessments and the taxable value of the credits approved.

Fields #29 and #30 report the total number of disabled veteran credit applications approved for the reporting year of the abstract of assessments and the taxable value of the credits approved.

Fields #29 and #30 report the total number of disabled veteran credit applications approved for the reporting year of the abstract of assessments and the taxable value of the credits approved.

Field #31 - Net Taxable Value: This represents the taxable value after removing the value for the homestead credits and the disabled veteran credits.

ADDITIONAL NOTES

The abstract of assessments is due to the Office of State Tax Commissioner following the final actions of the County Board of Equalization; by June 30 of each year. The information in this abstract is available within a county's taxation program and may be generated anytime throughout the year to use in the sales ratio adjustment worksheet. Because this information is calculated by city and township, using details of the schedule Bx and sales ratio median, an assessor may find specific locations where an assessment concern is located. Please review the information provided with the schedule Bx instruction in this publication.

The assessment abstract is used in conjunction with the supplementary abstract to confirm tolerance percentages. The tolerance level is determined by the State Board of Equalization on a yearly basis.

SUPPLEMENTARY ABSTRACT - STEP 3

The supplementary abstract is the final upload for the annual sales ratio study. The information reported is compiled from the change in true and full value worksheet. The change in true and full value worksheet reports any and all changes that occurred since the final abstract of assessments from the previous year. This information must be reviewed to include only the specific changes that are allowed to be reported on the supplementary abstract. The supplementary abstract reports very specific information needed to compare last year's final values to the current year's value. Changes reported that reflect only market adjustments should **NOT** be reported on the supplementary abstract. The abstract layout and the reasons to include information from the change in true and full value worksheet on the supplementary abstract can be found at www.tax.nd.gov/developer. The abstract is due by June 30 of each year and are uploaded through TAP.

Together, the three uploads required for the annual sales ratio study provide calculations that determine whether a city or a county is within the tolerance level established by the State Board of Equalization.

Details required in each field of the supplementary abstract are specifically provided in the layout instructions.

There will be one line of detail for each township and for each city within the county reporting, even if no changes were reported on the change in true and full value worksheet.

Fields #01 through #09 require the file type of ASRS, year, and county name consistently for the entire document. City and township names and numbers must meet the requirements defined. Specific instructions are provided in the link included with this section of the publication and also with the schedule Bx detail.

Field #10 - Prior year's ag acres: Report the number of agricultural land acres reported on the prior year's final abstract of assessments for the township or city being reported on this line of detail.

Field #11 - Current year's ag acres: Report the number of agricultural land acres reported on the current year's abstract of assessments for the township or city being report on this line of detail.

Field #12 - Taxable ag difference: Calculate and report the difference in acres reported in Field #10 and Field #11.

RESIDENTIAL PROPERTY

Field #13 - Lot value INCREASES: Enter only the **increases** in assessment reported on the change in true and full value worksheet that represent changes of land or lot values caused by annexation of land into the township or city reported on this line of detail, improvements to the land such as water, sewer, streets, sidewalks, curb and gutter, change in exempt status of the property, omitted property or abatement.

Field #14 - Lot value DECREASES: Enter only the **decreases** in assessment reported on the change in true and full value worksheet that represent changes of land or lot values caused by annexation of land from the township or city reported on this line of detail, improvements to the land such as water, sewer, streets, sidewalks, curb and gutter, change in exempt status of the property, omitted property or abatement.

Field #15 - Building and structure value INCREASES: Enter only the **increases** in assessment reported on the change in true and full value worksheet that represent changes in building or structure values caused by new construction, new additions, new improvements, a change in assessment status from exempt to taxable, omitted property or improvements that were part of an annexation reported in Field #13.

Field #16 - Building and structure value DECREASES: Enter only the **decreases** in assessment reported on the change in true and full value worksheet that represent changes in building or structure values caused by damage to structures by flood, fire, windstorm or removal by demolition, a change in assessment status from taxable to exempt, an abatement, or property or improvements that were part of an annexation reported in Field #14.

COMMERCIAL PROPERTY

Field #17 - Lot value INCREASES: Enter only the **increases** in assessment reported on the change in true and full value worksheet that represent changes of land or lot values caused by annexation of land into the township or city reported on this line of detail, improvements to the land such as water, sewer, streets, sidewalks, curb and gutter, change in exempt status of the property, omitted property or abatement.

Field #18 - Lot value DECREASES: Enter only the **decreases** in assessment reported on the change in true and full value worksheet that represent changes of land or lot values caused by annexation of land from the township or city reported on this line of detail, improvements to the land such as water, sewer, streets, sidewalks, curb and gutter, change in exempt status of the property, omitted property or abatement.

Field #19 - Building and structure value INCREASES: Enter only the **increases** in assessment reported on the change in true and full value worksheet that represent changes in building or structure values caused by new construction, new additions, new improvements, a change in assessment status from exempt to taxable, omitted property or improvements that were part of an annexation reported in Field #17.

Field #20 - Building and structure value DECREASES: Enter only the **decreases** in assessment reported on the change in true and full value worksheet that represent changes in building or structure values caused by damage to structures by flood, fire, windstorm or removal by demolition, a change in assessment status from taxable to exempt, an abatement, or property or improvements that were part of an annexation reported in Field #19.

ADDITIONAL NOTES

The supplementary abstract is created from the change in true and full value worksheet by locating details that allow the assessor to compare the assessments between the prior year and the current year. By making adjustments for property that has changed in each township and city, the assessor or director of tax equalization may create an “apples to apples” comparison of the assessments.

The change in true and full value worksheet is completed for each township or city within a county. Each change to an individual parcel assessment should be noted on the worksheet. A reason for the change in assessment must be determined. Eight reasons for change in assessment are provided. One number must be assigned to each change in assessment.

1. Property changed from taxable to non-taxable OR non-taxable to taxable.
2. Property changed from being locally assessed to being assessed by the state OR from being assessed by the state to being locally assessed.
3. Property changed due to new construction OR by demolition or removal.
4. Property changed because land and structures were annexed into a township or city OR because land and structures were annexed from a township or city.
5. Property changed due to a change of classification. (ag to commercial, residential to commercial, commercial to residential, etc.)
6. Exempt property changed due to new construction OR by demolition or removal.
7. Exempt property changed because land and structures were annexed into a township or city OR because land and structures were annexed from a township or city.
8. Property value changed due to “Other” reasons not specifically provided. This reason most commonly notes a reassessment of the property and change in assessment due to market considerations.

Reasons for Change in Value	Situation	Decrease on Supplementary Abstract	Increase on Supplementary Abstract
Reason 1: Taxable/Non-taxable	Farm residence is no longer exempt	Decrease value of ag land and reduce number of acres for residential area.	Increase residential lot and residential structure value.
Reason 2: Locally/State Assessed	Wind farm company purchased land that was previously rented.	Decrease to commercial lot value.	
Reason 3: New Construction or Demolition	A garage is added to the residential parcel.		Increase value of residential structure.
Reason 4: Annexation	Residential property annexed from township to city.	Decrease value of residential lot and structure in township.	Increase value of residential lot and structure in city.
Reason 5: Change in classification	Agricultural land is being developed for residential lots.	Decrease value of agricultural land and reduce number of acres.	Increase value of commercial (vacant) lots.
Reason 6: New Construction or Demolition of Exempt Property	Entryway being built on existing church.	Not an applicable change for the supplementary abstract.	Not an applicable change for the supplementary abstract.
Reason 7: Annexation of Exempt Property	Church on the outskirts of city is annexed into the city.	Not an applicable change for the supplementary abstract.	Not an applicable change for the supplementary abstract.
Reason 8: Other	House reassessed during annual assessment process	Not an applicable change for the supplementary abstract.	Not an applicable change for the supplementary abstract.

Understanding the use of reasons for change to assessments is vital for the overall assessment of each classification of property. If results of the annual sales ratio study indicate a median of 85% for residential property and all of the reasons reported for the increase of residential values from the prior year are due to new construction, residential property will not be within the tolerance level of 90% to 100%.

The increase in value from the prior year to the current year, in the example that is provided, appears to have made adjustments required by the results of the annual sales ratio study. Because the increases reported on the change in true and full worksheet are all changes that are required to be reported on the supplementary abstract, the number must be subtracted from the current year's total value.

The increase in value from the prior year to the current year, in the example that is provided, appears to have made adjustments required by the results of the annual sales ratio study. Because the increases reported on the change in true and full worksheet are all changes that are required to be reported on the supplementary abstract, the number must be subtracted from the current year's total value.

The annual sales ratio study indicates that the total assessment of 12,000,000 requires adjustment; based upon the median of 85%. Therefore, to be within a tolerance of 90% to 100%, the current year assessment reported in line one should have also included changes to assessment based upon the market indicated in the annual sales ratio study.

	Prior Year	Current Year
True & Full Value	12,000,000	13,078,000
Supplementary Abstract		
Increases		1,078,000
Decreases		
Adjusted T & F Values (Line 1 less Line 2 or Line 3)	12,000,000	12,000,000
Prior year sales ratio median	85%	
Indicated market value (Line 4/Line 5)	13,793,103	
Current T & F/Market Value in Line 6		87.0
Market value minus Current T & F (Line 6 less Line 4)		1,793,103
Indicated change needed to reach 100% of T & F value (Line 8/Line 4)		12.1

Completing a similar adjustment worksheet prior to the Local or County Boards of Equalization allows for adjustments to be made during a local meeting.

It is important to note that once a Local or County Boards of Equalization adjourns for the year, it is not able to reconvene. Decisions regarding the assessments that are not within tolerance will be required to be made by the State Board of Equalization. Please review the Notice of Increase in Real Estate Assessment requirements at N.D.C.C. § 57-12.