

Reasons Property Taxes May Change from Year to Year

Property Tax Amount

A consolidated property tax statement from all the political subdivisions that have a taxable parcel of land in the area of that political subdivision is sent to each tax payer. Every parcel is part of a county and a school district. Many parcels are also part of a city, township, or park district. Parcels may also be part of a fire protection district, ambulance district, water resource district, hospital district, recreation service district, soil conservation district, the southwest water authority district, or an irrigation district. Additionally, the state levies one mill for the State Medical Center.



Reasons for Change

Taxable value of property changes

The amount of property taxes owed by a parcel is based on that parcel's assessed value. Property values are assessed yearly. Additions or improvements to property may increase its value, or the market for the buying or selling of that property might change, which could increase or decrease the value of a particular parcel.

Taxable value of other properties may change

The tax levy is divided among all the parcels in a political subdivision based on the total taxable value of all the parcels in that political subdivision. If the value of other properties in the political subdivision change, it could change the amount assessed to another parcel in the political subdivision. For example, when additional property is annexed into the city, there is a larger tax base to spread the tax burden across. However, sometimes this gain in tax base is offset by the cost incurred to provide services to those additional parcels. Programs such as Renaissance Zones and Tax Increment Financing incentivize investment in property to increase the taxable value of that parcel. The goal of these programs is to increase the total taxable value in a political subdivision, which would decrease the tax burden on individual parcels because the incentivized property pays more in taxes when the incentives expire. For example, a property may be paying \$100 in taxes now but at the expiration of a Renaissance Zone project tax incentive, the property would start paying \$500 in taxes because the value of the property has increased.

City budget and levy may change

The amount of the city levy may change based on the services provided by the city. When citizens want more or greater quality services, the levy needs to go up. For example, if more police officers or more fire fighters are needed, more money is needed to pay for those services.

County budget and levy may change

The amount of the county levy may change based on the services provided by the county. When citizen needs grow, county budgets grow to meet those needs. Examples of those needs include greater jail capacity and road maintenance and improvements.

School budget and levy may change

The amount of the school levy may change based on the costs associated with educating the students in the district for the year. For example, the number of students could change and students with greater needs may enter the school system.

Park district budget and levy may change

The amount of the park district levy may change based on the needs and desires of the citizens. For example, if citizens want more or better parks, the levy may need to change to meet that need.

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Mandates from federal and state government

Political subdivisions are required to follow mandates from the federal and state government that can affect the amount of property taxes that need to be levied. Examples of some mandates are minimum sentences required when someone is convicted of a misdemeanor crime and held in a county jail and teacher to student ratios required in classrooms.

Other political subdivision budgets may change

The amounts levied by all those other political subdivisions may change based on the needs and desires of the citizens in that political subdivision. For example, the number of homes in a fire protection district might increase, requiring a change in the amount that fire protection district levies.

Special assessments

Special assessments are not actually taxes, they are charges for services that specifically benefited a parcel. Those amounts appear on the tax statement and affect the amount that must be paid.

Voter Approved Levies

There are several levies that citizens vote on to decide if they wish to levy additional property taxes for specific purposes. If one of these levies is approved, property tax statements will reflect that change. Examples of voter approved levies include funding for infrastructure such as a new fire station, a new jail, new school, a public library or buses for transportation.



Changes in state and federal funds to local government

Some political subdivisions receive part of their funding through payments from the North Dakota Legislature. Additionally, the federal government provides funding to some political subdivisions to help with roads and law enforcement. When these payments are reduced it could change the amount on the property tax statement. For example, cities and counties receive money from the state aid distribution fund. The money in the state aid distribution fund comes from state sales tax collections. When sales tax collections fluctuate, it affects county and city budgets.

Removal of 12% Legislative Property Tax Buydown

During the 2017 Legislative Session, the North Dakota Legislature decided to replace the 12% property tax buydown with having the State pay for county funded social services. As a result of this decision by the North Dakota Legislature, political subdivisions could levy the exact same amount of taxes as previous years, with the county decreasing its levy to reflect the State's social services funding, yet many property tax statements showed an increase. This is because, for most parcels, the social services funding results in less State funding than the 12% property tax buydown.

Weather related incidents

Natural events such as unusually heavy snow, tornados and floods may require a political subdivision to deplete its emergency fund so additional funds are necessary the following year to replenish that emergency fund, which could change the amount of property tax levied. 🏠



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