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an appraisal of PERSONAL PROPERTY TAXES in North Dakota



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The importance of property taxes in the fiscal structure of North Dakota local government is evidenced by the fact that they are a major source of revenue for local units of government. The importance of property taxes to state government rests upon the constitutionally accepted concept of state responsibility for local administration of governmental functions, such as education, law enforcement, administration of justice, public health, welfare, etc. Consequently, if the local political subdivisions of the state are to perform their governmental functions effectively, the state legislature is responsible for providing adequate revenue sources. Therefore, property taxes have been left almost exclusively for the use of local government.

The property tax has been uniquely adapted to local administration because the revenue was predictable, rates were flexible, provided adequate revenue, and the tax base was relatively immobile. However, as society became more complex, larger incomes were earned with little or no dependence on the extent of property ownership. Also, as persons and some properties became more mobile, local governmental needs tended to increase in areas of low property tax resources. These situations have contributed to a general dissatisfaction with portions of the property tax, specifically the tax on personality. Criticism of the personal property tax tends to be directed at discrepancies in assessment practices which are difficult to improve.

The efforts of local governments to develop nonproperty tax sources have shown a reasonable degree of success in big cities. Locally administered nonproperty taxes have been less successful in small political subdivisions similar to those in North Dakota.

A discernible trend in property tax legislation is to reduce the number of taxable property classes, such as farm, business, and household personality.

If personal property is removed from the tax rolls in North Dakota, provisions for apportioning replacement revenue from state tax sources should consider the functional efficiency of local political subdivisions. By accepting existing local governmental organization, state transfers may perpetuate the lives of uneconomic governmental units and may delay or prevent desirable reforms.

If personal property taxes are eliminated, all replacement revenues appropriated from state collected taxes could be apportioned only to the

public schools. This could be done through appropriate increases in the state's share of school foundation program per pupil payments.

Major revenue for the remaining units of local government (i.e., other than school districts) would depend on tax levies upon the remaining property, essentially real property. This procedure would tend to vest decisions concerning both operational and organizational changes of these local governmental units in the local citizenry rather than the state.

The apparent effect would be:

1. Greater reliance upon state revenue from sales and income taxes for public schools.
2. Less reliance upon property taxes for public school purposes.
3. Development of a tax system placing more emphasis on "benefits received" in its allocation of tax responsibilities.

No matter what decision concerning taxes is finally reached, it appears that tax laws need to be made more administrable in order to attain tax equity. This is emphasized in a recommendation by the Advisory Commission on Intergovernmental Relations.*

"Each state should take a hard, critical look at its property tax law and rid it of all features that are impossible to administer as written, whose effective administration would be economically intolerable, which force administrators to condone (tax) evasion, and which encourage taxpayer dishonesty. To protect the integrity of its tax system, no state should retain in its property tax base any component that it is unwilling or unable to administer with competence."

AN APPRAISAL OF PERSONAL PROPERTY TAXES IN NORTH DAKOTA

Thomas K. Ostenson and Laurel D. Loftsgard*

INTRODUCTION

The problem of financing state and local government affects most North Dakota citizens. Elements of this problem are:

1. Increasing costs of state and local government.
2. Demands for more and better public services.
3. Continued reliance upon property taxes for support of public services provided by local government.

Increased costs incurred by state and local governments can be partially attributed to general price increases for salaries, wages, and materials. The relevant price rise in the United States during the period 1948-1963 was approximately 72 per cent.¹

Increased school-age populations and costs associated with their education also have contributed to the increased level of government expenditures. The number of pupils enrolled in public schools in North Dakota increased from 112,917 in the 1948-1949 school year to 149,990 in the 1963-1964 school year.² During this same period, the annual average cost per pupil in North Dakota increased from \$180 to \$391

per pupil.³ Annual public school expenditures increased from \$21.4 million to \$60.3 million.⁴ The fiscal year-end cash balance for all school districts in North Dakota declined from a total of \$6.7 million net cash on hand June 30, 1949, to a net debt of \$36.5 million on June 30, 1964.⁵ This is a net decrease of \$43.2 million in year-end cash balances.

Highway expenditures also have expanded, but the combination of highway fuel taxes and vehicle license fees has made highway financing problems less acute than the problems associated with financing public schools, welfare, and other public services.

Traditional functions of state and local government have grown in size, and a vast change also has taken place in their content. Public health and welfare programs have increased their scope; curricula in newly reorganized high school districts include a greater variety of subject matter than did the small high schools which they replaced; and a new city thoroughway has only a functional resemblance to an ordinary city street.⁶ Expenditures for these public services constitute public investments resulting in state and local community advancement and well-being.

One of the most perplexing prob-

*Advisory Commission on Intergovernmental Relations: *The Role of the States in Strengthening the Property Tax*, Vol. 1, United States Government Printing Office, Washington, D. C., 1963, pp. 8-9.

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¹Maxwell, James A., *Financing State and Local Government*, The Brookings Institution, Washington, D. C., 1960, p. 218.

²Peterson, H. V., *Thirty-eighth Biennial Report*, Department of Public Instruction, Bismarck, North Dakota, 1964, p. 134.

³*Ibid.*, p. 158.

⁴*Ibid.*, p. 158.

⁵*Ibid.*, p. 156.

⁶Maxwell, op. cit., 1960.

Table 1. Property taxes levied and assessed valuation of property subject to general property taxes in North Dakota for the years 1948 to 1963.

Item	Years			Increase from 1948 to 1963
	1948 ^a	1953 ^b	1963 ^c	
		(thousand dollars)		(per cent)
Total general property tax	36,710	52,668	66,160	85,422
Total assessed valuations	1,033,261	1,244,416	1,315,280	1,384,836
				34

SOURCE: ^aTwenty-second Biennial Report, North Dakota State Tax Commissioner, Bismarck, North Dakota, June 28, 1948, p. 30.
^bTwenty-sixth Biennial Report, North Dakota State Tax Commissioner, Bismarck, North Dakota, June 30, 1953, p. 34.
^cTwenty-seventh Biennial Report, North Dakota State Tax Commissioner, Bismarck, North Dakota, June 28, 1964, p. 30.

lems confronting local governmental units is the heavy reliance upon property taxes which are used primarily for locally provided public services. Tax levies and assessed valuations of property for various years are shown in Table 1. Taxes levied^a on the various classes of property in North Dakota increased from \$36,710,000 in 1948 to \$85,422,000 in 1963. This is a 133 per cent increase in property tax levies. During this same 15-year period, the assessed valuation of property (i.e., the property tax base) subject to general property taxes increased 34 per cent. These data imply that the major portion of the tax increase resulted from increased tax rates, and a relatively small portion was a result of increases in the tax base.

Personal Property Taxes

State legislatures are seeking additional revenues to provide state and local public services. There is concern about the policy of heavy reliance on the property tax as the principal source of revenue for local government needs. Much of this concern may be based on changes

in our economy which may have made some features of the property tax undesirable, both from the standpoint of ability to pay and benefits received.

In North Dakota the use of personal property as a tax base is the subject of public criticism. It has influenced legislative action and provoked referendum elections.

It also is recognized that major revision of a tax system, however inequitable, that has been part of the tax structure of North Dakota since statehood could have an undesirable effect upon political subdivisions of the state. In addition to finding replacement revenue for personal property taxes, the legislature would also be faced with additional problems such as:

1. Equitable distribution of replacement revenue.
2. Retention of the bonding capacity of the political subdivisions.
3. The obligation for payment of outstanding bonds shifting to the remaining tax base, mainly real property, if personal property taxes are eliminated.

Basic consideration in the revision of a tax system should be given to preserving the bonding capacity

as well as the revenues of the political subdivisions in order that municipal projects may be adequately financed.

Purpose of the Study

Specific objectives of the study reported here are defined as follows:

1. To ascertain the amount of revenue presently produced by the personal property tax within political subdivisions.
2. To appraise alternative sources of revenue as replacements for the personal property tax.
3. To develop a method of replacing locally collected personal property taxes with state collected tax revenues.

General Procedure

To attain the objectives of this study, data on tax levies by the political subdivisions, assessed values of property, tax rates, and related items were obtained from published reports by the state tax commissioner and county auditors' reports on file in the state tax commissioner's office. Information also was obtained through personal attendance at meetings of local assessors and at meetings of local, county, and state boards of equalization.

HISTORICAL BACKGROUND OF THE PROPERTY TAX

Early Development

Property taxes have been part of the overall tax system of the United States since colonial days. They usually were imposed upon selected types of property such as land, homes, carriages, and merchants' stocks of goods. Assessed valuations were more or less arbitrary statutory values with different rates applied to different types of property.

During the early part of the 19th century the taxes were extended to all property to form what is called the "general property tax." Theoretically, the tax was applied to all property in a uniform manner.

Property was grouped into three broad classes for administrative purposes:

1. Real property: land and permanently attached improvements such as buildings.
2. Tangible personal property: property which has intrinsic value, but is readily movable and not attached permanently to real property. This category included such items as farm livestock, vehicles, merchants' stocks of goods, and household and personal effects such as furniture and diamonds.
3. Intangible personal property: property whose value is based upon its worth as a claim against tangible property such as mortgages, evidence of ownership in tangible property such as stocks or means of acquiring tangible property such as bank deposits and money.

Originally, all property classes were to be taxed at a uniform rate. This meant that when both tangible property and claims against it (e.g., mortgages) were taxed on a gross basis, double taxation resulted. However, when the nation's economy was primarily agricultural, complex forms of property which create difficult problems of discovery and valuation were of minor importance. Ownership of property was a fairly good indication both of ability to pay taxes and benefits received from government expenditures.

As industrial development increased and as other economic and

^aProperty is assessed and taxes are levied on property owned as of April 1 of any given year. Tax payments are due the following January 1. Hence, they are collected in the year following the assessment.

social conditions changed in the United States, the property tax became less acceptable in an equitable tax system. The total expenditures of all state and local governments in the United States increased 700 per cent from 1902 to 1932. These increasing costs were met largely from property tax levies. During the same period, estimated national wealth increased about 400 per cent.

During the depression years of the 1930's, national income declined 45 per cent. However, state and local governments faced with increased welfare costs were unable to reduce property tax levies. As a result, tax delinquencies were extremely high. The additional tax burden on those able to pay their taxes, poor administration, and dissatisfaction with the principle of the general property tax resulted in legislative modifications of this tax.

The most important modifications were:

1. Exempting intangible property from taxation.
2. Limited exemptions by local communities of industrial properties to encourage location of industry in an area.
3. Exemption up to a specified maximum value of owner occupied houses.
4. Special exemptions on property owned by veterans.
5. Classification of property and rate differentiation according to character of the property.

During recent years administrative reforms also have been attempted by replacing part-time local assessors with full-time county assessors and by making the assessor's position appointive instead of elec-

tive. Collection procedures have been improved by providing more convenient payment dates, permitting installment payments, and educating the taxpayer concerning the nature and purpose of the tax.

Property taxes were the main source of revenue for state and local governments in the United States throughout the 19th century. Since that time there has been a steady decline in the importance of property taxes as a source of state revenue. State governments now are using alternative revenue sources such as state income taxes, general sales taxes, tobacco taxes, liquor taxes, motor fuel taxes, and other special excise taxes.

Although local governments in some states have successfully used sales taxes and income taxes, there has been no general utilization of alternative taxes at the local level. When a governmental unit is small, problems of jurisdiction are more complicated and the tax may be avoided by moving one's residence or business. It appears that the future importance of property taxes may be closely related to the future importance of small local units of government.

Property Tax Developments in North Dakota

The public's concern regarding continued reliance on property taxes as the major source of revenue for local governments is reflected in studies and recommendations made to the North Dakota State Legislature by its Legislative Research Committee. This Committee makes detailed studies requested by legislative resolution, considers problems of statewide importance that arise between sessions, and, if feasible, develops legislation for introduction at the next session of the

legislature to meet these problems. For studies of major importance the Committee appoints a subcommittee from its own membership and from other members of the Legislature to supervise the study. The Committee also may contract for professional research services from the state's universities and colleges as well as from national authorities in special fields.⁶ Since the early 1950's the North Dakota Legislative Research Committee has had an active subcommittee on taxation. Some of their recommendations have received favorable action by the Legislature. Notable property tax developments in North Dakota include the appropriation of funds for a detailed soil survey and land classification system and the provision for the office of State Supervisor of Assessments.

Concern with rural land assessments resulted in appropriations, beginning in 1953, for a soil reconnaissance survey to be made by the Soils Department of the Agricultural Experiment Station, North Dakota State University. The survey is designed to provide a land classification system that may be used as a guide in determining land values.

The 1959 Legislature authorized a study of the overall tax structure of the state. The resulting study presented factual background, comparative data, sales ratio material, and other analyses of the property tax in North Dakota. The following recommendations were made to the 1961 Legislature for the property tax:

1. Full-time professional real estate assessors capable of

using the results of the soil survey should be appointed on the county level.

2. A state supervisor of assessments should be appointed to assist local assessors and the State Board of Equalization.
3. Household goods and personal effects should be exempt from property taxes.
4. The tax on personal property should be reduced to the extent that replacement revenues could be made available by the state.

The 1961 Legislature established the office of State Supervisor of Assessments⁷ but rejected the county assessor system. The duties of the Supervisor of Assessments include the following:

1. To give advice and instruction to local assessors in order to attain a uniform assessment of all real and personal property.
2. To instruct local assessors in the use of soil survey data.
3. To have general supervision over local assessors on matters of assessment procedures and methods.

The Legislative Research Committee Report to the 1963 Legislature⁸ included a new approach to the property tax assessment problem. It did not specifically recommend, again, a county assessment system, but it did recommend increased powers for the County Board of Equalization. This report proposed that the Board be empowered to direct local boards of equalization (cities, villages, and town-

⁶North Dakota Legislative Research Committee, "History and Functions of Legislative Research Committee," Report of the Legislative Research Committee, The Committee, Bismarck, North Dakota, 1965, pp. 3-4.

⁷North Dakota Century Code, Section 57-01-05, Vol. 31.

⁸North Dakota Legislative Research Committee, "Report on Taxation," Report of the Legislative Research Committee, The Committee, Bismarck, North Dakota, 1963, pp. 98-71.

ships) to make any necessary changes in assessments and that the county board be given the authority to raise or lower an individual taxpayer's assessment. The Committee also proposed that the State Board of Equalization be required to set a definite percentage range of not less than 25 per cent and not more than 40 per cent of market value at which all property should be assessed.

Another major recommendation of the Legislative Research Committee to the 1963 Legislature was designed to provide an equitable basis for apportioning state school equalization fund payments. It proposed the use of the sales ratio study, made by the Supervisor of Assessments, to estimate the actual "local tax effort" being made by the required 21-mill school levy.

The Committee recognized the capriciousness of unequal inter-county property assessment levels:

... The Committee recommends that the State Tax Commissioner certify to the State Superintendent of Public Instruction information in regard to those counties which are assessing below the state-wide average of assessment as determined by a sales-ratio study to be made by the Supervisor of Assessments. The Superintendent of Public Instruction can then compute the amount of money which would have been raised in each underassessed county by the 21-mill levy if property had been assessed at the statewide level of assessment, and reduce state equalization fund payments by a like amount. The enactment of such a proposal should be a major step toward tax equity by taking the profit out of underas-

sessing and should reduce the drain on the state school equalization fund."

1963 Legislation

The 1963 Legislature adopted several of the Legislative Research Committee's recommendations. One new law provided that a Board of County Commissioners may appoint a county supervisor of assessments on either a full-time or part-time basis.¹⁰ The County Supervisor of Assessments would supervise all assessors in the county to assure uniform methods and procedures in assessing real and personal property and adherence to state laws.

Another measure provided for spot checks of property listings and valuations.¹¹ It also authorized county boards of equalization to change individual assessments.¹² The attendance of representatives of local governmental units at certain meetings of the county boards of equalization was made mandatory rather than voluntary.¹³ The proposal for using equalized valuations as a basis for distribution of state school aid also was adopted.¹⁴

The 1963 Legislature also directed the Legislative Research Committee to continue studies begun in the two previous bienniums and to evaluate alternative revenue sources as a replacement for the present ad valorem tax on major categories of locally assessed personal property.¹⁵ Upon the Commit-

tee's request, the Agricultural Economics Department of the Agricultural Experiment Station, North Dakota State University, initiated a study to determine the feasibility of eliminating personal property taxes in North Dakota.

The study was a basis for some of the Legislative Research Committee's tax recommendations to the 1965 Legislative Assembly.¹⁶ The Committee recommended that miscellaneous farm machinery, tools, and equipment (i.e., all machinery except tractors, combines, potato harvesters, and sugar beet harvesters) and all household personal property be eliminated from the personal property tax rolls. The revenue loss of approximately three million dollars was to be replaced from the proceeds of an income tax imposed at the rate of one-half of one per cent on net income before personal deductions.

1965 Legislation

The Legislative Research Committee's recommendations concerning personal property taxes were embodied in Senate Bill 43, which was subsequently defeated. However, a substitute bill (HB 698) which exempted all locally assessed personal property from taxation was adopted by the Legislature. The resulting net revenue loss to local governmental units was estimated to be approximately 15 million dollars.

The revenue losses of local governmental units were to be replaced from the proceeds of one per cent general sales and use tax plus an annual transfer of \$2,800,000 from

the state general fund. Apportionment of the replacement revenue was designed to replace 95 per cent of the tax revenue derived from personal property taxes.

The tax bill adopted by the Legislature also included provisions for broadening the general retail sales tax to include services which previously had not been subject to the general sales tax. The sales and use tax rate was increased from 2.25 per cent to 3.00 per cent. Modifications in the state personal and corporate income tax base and rate schedule were designed to produce increased revenues. From the taxpayer's viewpoint, the property tax base was narrowed to that which is essentially real estate, and the non-property tax base was broadened.

After adoption by the Legislature, the tax bill was referred to the electorate and defeated.

Legislative intent concerning personal property taxes was embodied in Senate Concurrent Resolution "B". This resolution directed the Legislative Research Committee to continue its study of ways and means to replace personal property taxes with other revenue sources.¹⁷

PROPERTY TAXES AS A REVENUE SOURCE FOR LOCAL GOVERNMENT IN NORTH DAKOTA

A brief description of the structure and operation of the present property tax laws is presented here to provide a basis for evaluating their role in North Dakota's tax structure.

¹⁰Ibid., p. 1.

¹¹North Dakota Century Code, Section 11-10-02.3, Vol. 2.

¹²Ibid., Section 37-22-01.1, Vol. 11.

¹³Ibid., Section 37-13-05, Vol. 11.

¹⁴Ibid., Section 37-13-05, Vol. 11.

¹⁵Ibid., Section 15-46-18, Vol. 3.

¹⁶House Concurrent Resolution "B-1", 36th Legislative Assembly of North Dakota, Bismarck, North Dakota, 1965.

¹⁷North Dakota Legislative Research Committee, "Taxation," Report of the Legislative Research Committee, The Committee, Bismarck, North Dakota, 1965, pp. 143-144.

¹⁸Senate Concurrent Resolution "B", 36th Legislative Assembly of North Dakota, Bismarck, North Dakota, 1965.

The Tax Base*

The present property tax in North Dakota is an "ad valorem" tax applied to property regardless of the classification of the owner, with a few exceptions as noted later. The tax is based on gross value without adjustment for any debts or claims which may be outstanding. Since the tax is assessed against the property rather than against the owner, it becomes a lien upon the property. The liability passes with the title at the time of sale. Thus, if the tax is not paid prior to sale, the liability rests on the new owner.

Taxable property in North Dakota consists of real and tangible personal property unless exempted because of peculiarity of ownership or use, or because it is subject to a special tax. Assessed value is legally 100 per cent of true and full market value. Studies indicate, however, that assessments are far below market value. For example, a study¹ of farm land sold during the period 1960 to 1964 shows the ratio of assessed value to sale price² ranging from an average of 15.1 per cent in Hettinger and Slope counties to 40.2 per cent in Kidder County. The same study revealed county assessment levels of residential properties ranging from an average of 15.3 per cent in Walsh County to 42.3 per cent in Billings

County. The average assessment level of business properties ranged from 49.5 per cent in Dickey County to 16.1 per cent in Sioux County. Serious disparities within property classes in various counties also were evidenced by assessments of individual properties within a county, which varied from less than 5 per cent to more than 100 per cent of the selling price.

Tax Exempt Property

North Dakota is similar to other states in that some properties are exempt from taxation, either by constitutional law or by legislation to improve equity and administrative feasibility.

Intangible personal property is not taxed, with money and credits specifically exempt and corporation stock included in money and credits by interpretation. North Dakota statutes provide exemption from property taxes for charitable, educational, religious, and other nonprofit organizations. Buildings on non-farm land when owned and occupied by a blind person are exempt to an assessed valuation of \$6,000. There are personal property tax exemptions also for the blind, for low income families, and for persons on relief.

A homestead exemption of \$20,000 assessed valuation is provided for certain disabled veterans who were honorably discharged. Such a disabled veteran must be a paraplegic, the disability must be service connected, and it must be permanent in order that he may qualify for this property tax exemption. In 1960 there were 18 or 20 such persons in North Dakota.

Of particular significance in North Dakota is the exemption from property taxes of farm buildings

and improvements, including the farmer's residence but not including buildings or residences for non-farm use. Grain and feed stored on the farm premises are tax exempt. Farm machinery purchased by a farmer for use in his farming operations is exempt from personal property tax assessment in the first year after its purchase. This exemption is limited to that portion of the value of farm machinery on which sales or use tax is paid.

Special Taxes in Lieu of Property Taxes

North Dakota law provides for the levying of special taxes in lieu of property taxes on a broad class of property defined as follows:

1. Grain in commercial warehouses or elevators is taxed at a fixed rate per bushel instead of an ad valorem basis.
2. Mutual telephone companies pay a gross revenue tax with the rate determined by the number of stations per mile of telephone line. This tax is in lieu of all real and personal property taxes.
3. Rural electric cooperatives pay a gross receipts tax in lieu of personal property taxes on equipment used in generating, transmitting, and distributing electricity.
4. Banks and savings and loan institutions pay a tax based on their net income for the previous year. This is in lieu of personal property taxes on equipment used in places of business, and in lieu of all other state and local taxes except real estate taxes. Life insurance companies pay a gross premiums tax in lieu of personal property taxes.
5. A severance tax or gross pro-

duction tax is imposed on oil and gas production in lieu of property taxes on oil and gas leases, mineral rights, and equipment used in the operation of such wells.

Proceeds of the special taxes described in numbers one through four above are paid to the county treasurer and apportioned among the various governmental units in the same proportions as property tax proceeds. The oil and gas production tax is collected by the state tax commission and apportioned among the school districts in the county where the oil is produced, the local county government, and the state general fund.

Assessment Organization

The assessment function in North Dakota is divided among the State Board of Equalization and about 1,700 local assessors. The State Board of Equalization assesses railroad and other public utility property; local assessors assess all other taxable property.

The State Board of Equalization consists of the governor, state tax commissioner, state treasurer, state auditor, and the commissioner of agriculture and labor. The tax commissioner supervises property tax administration as well as being responsible for administration of taxes on income, sales, oil and gas production, and inheritances.

The local assessing officials are city, village, township, and district assessors. City assessors are appointed by the municipal governing body. In larger cities, assessors serve on a full-time basis and have a staff of clerical assistants and appraisers. Township, village, and district assessors are elected annually or biennially. They do their assess-

*This section is based on Chapter 55-60 of the North Dakota Century Code, S. 1, 1960, and amendments thereto. Footnotes are used when other specific sources are cited.

¹Literally, "according to value" is the field of taxation; refers to a tax based upon the relative value of the property being assessed.

²North Dakota Century Code, Section 57-22.13, Vol. 11, Section 57-22.13, Vol. 11.

³North Dakota Sales Ratio Study, North Dakota State Tax Department, Bismarck, North Dakota, 1965, p. 12, mimeograph.

⁴Ibid., pp. 13B-13C.

⁵Assessed value divided by sale price equals assessment level. This ratio measures the proportion that assessed value is of the sale price. (This term also may be referred to as "sales ratio" or "assessment ratio".)

sing each year within a period of 30 days or less and are paid according to the number of days worked.

Governing bodies of cities, villages, and townships serve as boards of review and equalization. The local boards check completeness of the work of their respective assessors, hear complaints of residents, and, if necessary, adjust valuations between property classes. The board of county commissioners acts as a county board of equalization. It has jurisdiction to equalize assessment levels among the various classes of property, and, as provided by 1963 legislation, it may adjust individual assessments. It also hears complaints of nonresidents with reference to the assessment of any real or personal property.

When the work of the county equalization board is completed, the county auditor sends a copy of the equalized property valuations to the State Board of Equalization. The state board has the power to raise or lower the county equalized valuations in order to equalize assessment levels among property classes, among counties, and among political subdivisions in the same and different counties. They also may adjust individual assessments.

The state board's equalized values and its assessment of utilities for each county are returned to the county auditor. The county auditor then makes changes in the local assessments as required by the State Equalization Board action to produce the final equalized assessed valuation.

Finally, tax levies are imposed on property according to its taxable valuation, which is 50 per cent of the assessed valuation. The county auditor computes the tax due on

each item and parcel of property and delivers the tax roll to the county treasurer. Property taxes and special taxes in lieu of property taxes are paid to the county treasurer. Collection of delinquent taxes is the responsibility of the county sheriff.

Personal Property

In general, tangible personal property is taxed in the same manner as real property. The same rates and the same standards of valuation apply. However, determining the valuation is more difficult. Previous studies indicate that various items of personal property are assessed at much different ratios to actual value than is real property. Also, the absence of an established market for some classes of personal property and the degree of non-reporting of property increase the difficulty of determining actual assessment levels of the several categories of personal property.

Various items of personal property now undergo special valuation procedures. In some cases, suggested values for individual items have been set by administrative action. Each year the tax commissioner distributes to local assessors, valuation guides for farm equipment, livestock, contractors' machinery, and some articles of household goods. These guides are intended to establish uniformity in assessed valuations. However, since market value is the legal standard of value, assessors are not required to use the tax commissioner's guides, and, therefore, discrepancies still exist among counties.

²²Assessment Manual for Assessors and Boards of Equalization, North Dakota Tax Department, Bismarck, North Dakota, 1965, pp. 30-134, mimeograph.

Variations in Assessment Levels

Intercounty variations in county equalized assessment values of miscellaneous farm machinery per tractor provide an example of the variations in assessment levels among counties for one class of farm personal property. In North Dakota, the 1963 assessed value of personal property class 6F (miscellaneous farm equipment) was \$30,-281,135. The number of farm tractors assessed was 97,307.²³ Hence, the average assessed value of miscellaneous farm equipment per tractor in North Dakota was \$311 in 1963. However, the individual county averages ranged from \$165 in Logan County to \$470 in Steele County.

Variations among county averages of the per family market value of household personalty, as estimated from assessed values of this property class, also may be an indication of discrepancies in assessment levels among the counties.

Household Personalty

In 1963 the estimated average market value of household personalty was \$813 per family in North Dakota. The county averages ranged from \$218 in Slope County to \$1,121 in McIntosh County. Variations from the mean and intercounty differences of these magnitudes imply substantial assessment inequities. It is also agreed among assessors that an accurate appraisal of

²³Proceedings of the State Board of Equalization of North Dakota, State Tax Department, Bismarck, North Dakota, 1963, pp. 48-53.

²⁴The category of personal property classified in 1963 as 6F "miscellaneous farm equipment" included all farm machinery, equipment, and tools, except tractors, combines, potato harvesters, and beet harvesters.

²⁵This section is based on information obtained in personal interviews with State Tax Department personnel at Bismarck, North Dakota, January 29, 1964.

each householder's goods, which does not now occur, would involve high assessment costs per home. Accordingly, the cost of equitable assessment would be high in relation to potential tax revenue. It appears that improved procedures in areas where equitable and economical assessments can be achieved, such as in assessments of realty, would be a better allocation of resources used for tax collection purposes.

TAXES LEVIED ON PERSONAL PROPERTY IN NORTH DAKOTA

The tax situation in North Dakota is similar to that facing many states where local units of government search for new sources of revenue to meet increasing demands for public services. In conjunction with the need for additional revenue is the continuing need for equity in tax assessments.

There are more than 30 subclasses of locally assessed personal property on the tax rolls in North Dakota.²⁶ Assessed values are determined by personal and divergent value judgments resulting in many interpretations of true value. Accordingly, taxation of personal property involves administrative difficulties and creates inequities among taxpayers; significant improvements in its administration appear difficult.

North Dakota has approximately 2,560 political subdivisions (i.e., local units of government) with property taxing powers. The four major types of political subdivisions are comprised of 53 counties, 603 school districts, 356 municipalities (i.e., cities and villages), and 1,387

²⁶Proceedings of the State Board of Equalization, op. cit., pp. 48-54.

townships." Property tax levies by these governmental units constitute approximately 94 per cent of all property taxes."

Other types of political subdivisions include a variety of special districts such as airport authorities, park districts, rural fire prevention districts, water conservation and flood control districts, and the Garrison Diversion Conservancy District. There are about 160 such ad hoc governmental units in North Dakota, which levy about 3 per cent of all property taxes.

The remaining 3 per cent of the property tax is levied by the state for the Medical Center at the University of North Dakota and the state general fund.

Local political subdivisions depend on property taxes as the principal source of their operating revenue. Components of the property tax base in North Dakota and the proportion of total property tax assessments represented by each are: (1) real property 65 per cent, (2) railroad and public utility property 15 per cent, and (3) personal property 20 per cent."

An appraisal of potential adjustments of the personal property tax concerns: (1) the corresponding revenue effects on the major political subdivisions, and (2) alternative revenue sources for local government. The first of these is discussed in the next section; alternative rev-

enue sources are discussed later.

Personal Property Tax Levies

The most inequitable aspect of the personal property tax, and the one which affects almost every citizen of the state, appears to be the taxation of household goods, clothing, and musical instruments." Another troublesome area is the assessment and taxation of smaller miscellaneous farm machinery, farm tools, and equipment; business furniture, fixtures, and office appliances used in stores, shops, offices, etc.; and professional equipment and libraries such as in law and medical offices."

The most widespread displeasure of the citizens of North Dakota in regard to taxation of personal property has been directed toward the assessment and taxation of the above items of personal property." Consequently, if personal property taxes are gradually eliminated, the process could begin with these items."

Appendix Table 1 shows the amount of ad valorem taxes levied on the above items of personal property and their relation to total property taxes levied by the four major types of political subdivisions in North Dakota.

In 1962 the four major types of political subdivisions in North Dakota levied a total of \$4,729,082 in ad valorem taxes on these personal property items. This amount represents 6 per cent of the total property taxes levied by all units of these political subdivisions.

"North Dakota Legislative Research Committee, "Taxation," Report of the Legislative Research Committee, The Committee, Bismarck, North Dakota, 1961, p. 34.

"Ibid.

"Ibid.

"Ibid.

The counties levied an average of 5.81 per cent of their total property taxes on the classes of personal property shown in Appendix Table 1. Comparable figures for school districts, municipalities, and townships are 5.83 per cent, 7.81 per cent, and 4.88 per cent, respectively.

Property taxes levied by county governments on the personal property considered here ranged from 3.56 per cent of total property taxes in Billings County to 9.03 per cent in McIntosh County. The per cent of total property taxes levied on this personal property by all school districts within a county is similar to that levied by the county government where they are located. One explanation for this similarity is that the aggregate levies of all school districts within a county and the levy made by the county government are made on the same tax base. However, the per cent of total property taxes levied on the above items by individual school districts within a county may show substantial variation from the county average, depending on concentration of personal property within individual school districts in the county.

Property taxes levied by municipalities, on the personal property considered here, ranged from 5.46 per cent of total property taxes levied by the municipalities in Billings County (village of Medora only) to an average of 12.86 per cent in McIntosh County. These counties also showed the low and high percentage values respectively for counties and school districts. However, in each instance the municipalities within a county levied a higher proportion of their property taxes on these personal property classes than the county government where they are located.

Township governments (and unorganized township road districts) within a county levied a smaller portion of their total property taxes on these personal property classes than the county government where they are located. The proportions ranged from an average of 2.24 per cent for the townships in Morton County to an average of 7.88 per cent for the townships in McIntosh County.

The variation in percentage values among counties does not indicate comparable variations in property assessment levels. That is, assessment level is a function of both assessed value and market value. Since market values for property are not shown in tax records, one cannot determine the equity of assessment levels from these data. Accordingly, limitations of the data preclude its use as an analytical base for determining tax equity among property owners.

Appendix Table 2 contains data concerning all items of personal property. Taxable personal property considered here are all items of farm, business, and household personal property. Tax levies considered are those made by counties, school districts, municipalities, and townships.

In 1962 counties, school districts, municipalities, and townships levied \$14,489,979 on the personal property considered here. This amount represents 18.38 per cent of total property taxes levied by these political subdivisions in 1962.

Ad valorem taxes levied by all county governments on these items represented 18.50 per cent of their total property tax levies. Comparable figures for school districts, municipalities, and townships were 18.32 per cent, 18.53 per cent, and 18.37 per cent, respectively.

"United States Department of Commerce, Bureau of the Census, *Governmental Organizations* (Vol. 1 in *Census of Governments*, 1962), United States Government Printing Office, Washington, D. C., 1963, p. 29. (The number of school districts was determined during the autumn of 1965 by personal interview with personnel in the office of the State Superintendent of Public Instruction, Bismarck, North Dakota.)

"Twenty-seventh Biennial Report, North Dakota State Tax Department, Bismarck, North Dakota, 1964, p. 18.

"Ibid., p. 28.

Tax levies by county governments on the personal property considered in Appendix Table 2 ranged from 13.37 per cent of total property taxes in Morton County to 28.05 per cent in McKenzie County. The proportion of total property taxes represented by levies on these items of personal property is approximately the same for each of the four major types of political subdivisions within a county. The proportions ranged from 15.49 per cent to 21.49 in 36 of the state's 53 counties. Although this indicates substantial uniformity in 68 per cent of the counties, it is not an adequate criterion for measuring assessment levels or determining assessment equity, as explained earlier.

Personal property taxes may be eliminated gradually, by first removing from the tax rolls the items of personal property listed in Appendix Table 1, or totally eliminated by removing all items shown in Appendix Table 2. In either case, the corresponding revenue losses of approximately \$4.75 million or \$14.5 million, respectively, would need to be replaced from other revenue sources if local political subdivisions are to meet the responsibilities delegated to them by the state.

ALTERNATIVE REVENUE SOURCES FOR LOCAL GOVERNMENTS

Property tax levies in North Dakota increased an average of approximately 9 per cent per year during the 15-year period from 1948 to 1983. Among the factors contributing to this increase were:

1. The rising general price level.
2. Urbanization and the resulting need for associated services.
3. An increased emphasis on

meeting the needs of education for a rapidly growing, scientifically oriented, and technologically inclined population.

Also, as incomes rose, the general public demanded more and better government services.

In North Dakota about 57 per cent of the property tax revenues are used for public schools, and about 20 per cent are used for roads and streets. The remaining 23 per cent are used for general government services including public health, welfare, and protective services." Although economic growth has increased the traditional property tax base of local governments providing these services, the weakness of the property tax was revealed particularly by the post-war demand for expanded public services in urban centers where relatively little property is needed to earn incomes." Accordingly, it may be necessary to replace or supplement the property tax with a system of local nonproperty taxes or state grants-in-aid financed with new state collected taxes and increased rates on existing state revenue sources. Unless alternative revenue sources can be developed for local government, the trends in expenditures by these political subdivisions imply substantial property tax increases in North Dakota.

Property Tax Relief

There is a growing interest in singling out personal property for property tax relief." This interest

"Twenty-seventh Biennial Report, North Dakota State Tax Department, Bismarck, North Dakota, 1981, pp. 68-9.

"Murray, William G., Tax Issues in the Midwest in 1968, Kansas Agricultural Experiment Station, Kansas State University, Manhattan, Kansas, 1968, p. 3.

"This statement is based on the nature of tax recommendations made by the Legislative Research Committee to the 1961, 1962, and 1965 Legislative Assemblies.

is based on the feeling that industry, business, and farming are unfairly and unevenly treated under this tax." One form of direct property tax relief is to specify certain personal property exemptions such as those discussed earlier. However, exemption of certain classes of property is not property tax relief, *per se*, if there is not a replacement fund. With no replacement revenue, other property which is not exempt has to be taxed higher to replace the loss caused by the personal property exemption.

Property tax relief requires finding replacement revenue from non-property tax sources. The natural source of nonproperty tax revenue for local government is the use of state grants-in-aid. Another alternative is a system of locally shared state collected taxes. In North Dakota, motor fuel and motor vehicle taxes which are collected by the state are shared with the counties for road construction purposes. Such a transfer is an example of locally shared state collected taxes derived from "benefits received" taxes. Potential property tax liabilities also are averted by state assumption of the responsibility for providing services such as highways, and facilities to care for the handicapped.

Replacement Revenue

Historic reliance upon the property tax for financing local government is based on the unique characteristics of the property tax and the scarcity of alternative local tax sources. Features of the property tax contributing to its adaptability for local use are:

1. The rate can be adjusted administratively within statutory

limits to obtain the necessary revenue.

2. The revenue yield is dependable.
3. The real estate portion of the tax base cannot be moved from one taxing jurisdiction to another.

The major sources of replacement revenue for the property tax are local nonproperty taxes and state collected taxes. These are described in the ensuing sections.

Locally Collected Nonproperty Taxes

Local sales or income taxes are a relatively new development in the United States. Philadelphia adopted an earnings tax in 1938." As of 1963 there were about 500 municipalities using local income taxes." Most of the municipalities using the local income tax are in Pennsylvania and Ohio plus a few in Kentucky. These local income tax levies differ from federal and state income taxes in that they do not apply to all income but only to wages and salaries plus net profits of noncorporate business enterprises. The rates are low, with a one per cent flat rate being the most common." Investment income is not taxed primarily because of administrative reasons."

It is fairly evident that municipalities in North Dakota are too small to effectively administer a local income tax. Adding a third set of income taxes would cause additional duplication of returns and increase tax compliance costs for business firms and individuals.

The local sales tax is used by a

"Marwell, James A., *Financing State and Local Governments*, The Brookings Institution, Washington, D. C., 1965, pp. 158-159.

"Ibid.

"Ibid.

"Ibid.

number of counties and municipalities in the United States. The predominant rate is one per cent imposed on retail sales, with some municipalities in Alaska levying from 2 to 3 per cent.⁶

The most effective system appears to be where state collection of a locally imposed sales tax is mandatory, the sales tax base is the same as that of the state, and the rate is uniform among the taxing jurisdictions.⁷

Defects of local nonproperty taxes become evident when geographical boundaries of the taxing jurisdictions are limited. When taxing districts are small, mobility of business firms or customers may be an ever present threat to the local governmental unit.

In general, local sales and income taxes appear to be important revenue sources for relatively large cities. However, in smaller cities and sparsely populated localities such as found in North Dakota their use has been less successful.

State Collected Taxes

The major source of state revenue in North Dakota, other than highway tax revenue, has been the state income tax and the general retail sales and use tax. Although selected sales taxes on alcoholic beverages and tobacco products are important revenue sources, they do not approach the general retail sales tax or state income tax in terms of revenue yield.

Changes in the state income tax may include:

1. A change in the tax rate.
2. A change in the tax base.

A combination of these two also may be designed to produce additional revenue.

North Dakota state income tax rates range from one per cent on the first \$3,000 of taxable income to 11 per cent on taxable incomes of \$15,000 or more. The rate used at the lower income levels is the lowest in the nation and the rate used at the upper income levels is one of the highest in the nation.⁸ Consequently, future increases in income tax rates could be expected to increase relatively more in the low income brackets than in the high income brackets. Increased income tax rates at the lower end of the scale would reduce the progressive features of the present state income tax structure.

An increase in state income tax revenues could result also from a tax imposed on a broader base than the present tax. This broad base could be the adjusted gross income (line 9 on federal income tax return) as determined for federal income tax purposes. When the tax rate is applied to adjusted gross income, no deductions or exemptions are allowed in determining the taxable income. Therefore, a low rate may be used to produce a given amount of revenue.

A tax on adjusted gross income, when no personal exemptions are permitted, will broaden the income tax base and increase the tax responsibilities of low and medium income families. However, if more revenue is needed it may be necessary to tax low and medium incomes. At the same time, it can be pointed out that the property tax has no personal exemptions and ap-

plies to families with low incomes at the same rate as those with high incomes.

Sales and use taxes have been a source of state revenue in North Dakota since 1935. They were originally imposed at a two per cent rate on retail sales of personal property and some utilities services. The general sales tax was later increased to two and one fourth per cent on a broadened base, including a number of personal services.

The arguments opposing a sales tax are usually in regard to its regressive features. That is, the tax constitutes a higher proportion of the income of people with low incomes and a lower proportion of the income of those with high incomes. However, benefits from most of the expenditures of state revenues also tend to be regressive. As a proportion of their incomes, benefits from public expenditures for education, welfare, and public health are usually greater for families with low incomes than for families with high incomes, thereby offsetting the regressive features of a state sales tax.

While each type of tax has its own problems in terms of where the burden will fall (e.g., on the income receiver, the consumer, or the business establishment), the most difficult problem is how property tax replacement revenues from state collected taxes should be distributed to local governmental units. Public officials of the larger cities may favor a sales tax to be returned directly to the municipality where the sales take place. On the other hand, officials of high income areas (urban or rural) may prefer an income surtax distributed on the basis of taxpayer residence.

Any method of distribution has

to be relatively simple; and since the primary concern of local officials is the rate of property taxation, which most feel is burdensome, the distribution ought to be aimed at freeing the property tax from a portion of public school revenue demands. This can be accomplished by distributing to the public school districts only, property tax replacement revenues from increased state collected taxes. One basis for making the distribution could be on weighted pupil average daily attendance, such as used in the state's foundation program.⁹

State Aid To Schools

Property tax relief may come directly by substituting locally collected nonproperty taxes as described earlier, or in an indirect manner such as using state collected taxes for state aid to local schools.

The latter type of aid may not appear to relieve property taxes if school budgets increase at a greater rate than the increase in aid. However, without the state aid a parallel increase in local property taxes would be necessary.

State aid to public schools serves two important functions:

1. It relieves property taxes.

"The state foundation program provides for payments to public school districts on the basis of 'weighted units'. A 'weighted unit' is pupil average daily attendance multiplied by a factor which varies according to size, type, and location of the school. In 1962 this factor was 1.32 for high schools, 1.50 for elementary one room rural schools, 1.25 for elementary graded schools having less than 100 pupils in average daily membership, and 1.00 for elementary graded schools having 100 or more pupils in average daily membership.

The 1965 Legislature established a new weighting factor schedule as follows: 1.32 for high schools, 1.25 for elementary one room schools, 1.10 for elementary graded schools having less than 100 pupils in average daily attendance, and 1.00 for elementary graded schools having 100 or more pupils in average daily attendance.

⁶Ibid., p. 160.
⁷Ibid., pp. 160-162.

⁸Advisory Commission on Intergovernmental Relations, *Tax Overlapping in the United States*, United States Government Printing Office, Washington, D. C., 1964, pp. 122-128.

2. It equalizes education costs and benefits throughout the state.

A subsequent goal is to improve the overall quality of education.

The apportionment of state aid to public schools in North Dakota through the school foundation program is designed to equalize educational opportunities and costs by allocating relatively more funds to those districts with fewer resources to finance their schools. This concept was strengthened with the passage of sales ratio legislation designed to equalize local tax effort for public school support and to remove the incentives for local underassessment.¹⁸

Allocating Personal Property Tax Replacement Revenues to Local Governmental Units.

The school foundation program could also be used to allocate personal property tax replacement revenues, from state collected taxes, to the local communities. One method of doing this could be to allocate all the replacement revenues only to the school districts through appropriate increases in foundation program per pupil payments. The total revenue allocated to the school districts could be equivalent to the amount of personal property taxes levied by all of the four major types of local governmental units (school districts, counties, municipalities and townships). This means that the amount of personal property tax replacement revenue allocated to the school districts would exceed what they had previously received from personal property taxes. Consequently tax levies on real property for school purposes could be reduced by a corresponding amount.

Counties, townships, and municipalities would then receive no personal property tax replacement revenue from state sources. Therefore, these governmental units could be allowed to increase their real property tax levies by an amount equal to the reduction in school levies on real property.

The objectives of this plan would be:

1. To replace locally collected personal property tax revenues with an equivalent amount of state tax revenue.
2. To develop a state-local fiscal structure that would more nearly reflect the benefits received from public tax expenditures.

The first objective would be attained by allocating all the replacement funds from state collected tax revenue to the public schools through increased foundation program per pupil payments. The remaining aspect of this plan, and attainment of the second objective, is that the loss of personal property tax revenues by counties, municipalities and townships could be replaced by that portion of the real property tax revenues released by the schools. Total real property taxes would not be affected by this procedure or plan for local government financing. However, greater emphasis would be placed on the concept of "benefits received" from government expenditures.

Public expenditures for roads, streets, fire and police protection, and sanitary services tend to enhance the value of property, particularly real property. Therefore, from the standpoint of benefits received, traditional local property taxes appear well suited for these purposes. However, there is less

justification for heavy reliance upon property taxes for public school expenditures, because there is less direct economic relationship between the ownership of property and the benefits received from ex-

penditures for public education. The long-standing tradition of financing public schools from property taxes is largely a product of circumstances rather than logic.

¹⁸North Dakota Century Code, Section 15-48-18, Vol. 2.

Appendix Table 1. Ad valorem taxes levied on selected items of personal property by four types of political subdivisions in North Dakota, 1962.

County and type of political subdivision	Total property taxes levied, 1962 ^a	Taxes levied on selected items of personal property, 1962 ^a	
		Total	Proportion of total property taxes levied
	(dollars)	(dollars)	(per cent)
Adams			
County	147,870	7,343	4.97
School districts	382,398	18,906	4.94
Cities & villages	32,084	4,332	0.32
Townships	48,090	1,887	3.92
Barnes			
County	505,290	23,651	4.68
School districts	1,299,789	59,280	4.70
Cities & villages	197,706	13,342	6.73
Townships	212,737	8,568	4.02
Benson			
County	296,400	13,335	4.57
School districts	754,609	34,613	4.59
Cities & villages	41,671	3,486	8.40
Townships	140,955	5,718	4.05
Billings			
County	60,346	2,146	3.56
School districts	113,888	4,034	3.54
Cities & villages	568	31	5.46
Townships	16,615	577	3.47
Bottineau			
County	376,694	21,194	5.63
School districts	1,064,683	58,590	5.59
Cities & villages	82,239	6,700	8.14
Townships	189,560	9,018	4.73
Bowman			
County	153,331	7,677	5.00
School districts	321,189	16,185	5.02
Cities & villages	43,213	2,767	6.40
Townships	48,542	2,370	4.88
Burke			
County	231,768	10,771	4.65
School districts	531,770	24,561	4.62
Cities & villages	43,574	4,710	10.81
Townships	99,066	3,838	3.87
Burlingame			
County	610,865	35,112	5.75
School districts	2,452,943	141,350	5.76
Cities & villages	970,400	64,892	6.69
Townships	81,321	2,927	3.59
Cass			
County	1,170,734	70,850	6.05
School districts	5,781,399	351,318	6.06
Cities & villages	2,132,919	141,096	6.55
Townships	346,715	17,621	5.08
Cavalier			
County	343,730	19,557	5.69
School districts	845,892	48,155	5.69
Cities & villages	78,685	4,819	6.17
Townships	183,388	9,731	5.31

(continued)

Appendix Table 1. (Continued)

County and type of political subdivision	Total property taxes levied, 1962 ^a	Taxes levied on selected items of personal property, 1962 ^a	
		Total	Proportion of total property taxes levied
	(dollars)	(dollars)	(per cent)
Dickey			
County	275,339	14,325	5.20
School districts	707,130	35,583	5.17
Cities & villages	92,558	6,208	6.80
Townships	106,285	4,802	4.51
Divide			
County	185,465	11,195	6.04
School districts	497,240	24,687	6.06
Cities & villages	47,062	4,171	8.86
Townships	97,189	5,285	5.43
Dunn			
County	164,179	8,092	5.48
School districts	464,495	25,734	5.54
Cities & villages	23,258	1,932	8.27
Townships	90,337	4,048	5.37
Eddy			
County	161,780	9,967	6.17
School districts	418,058	25,984	6.22
Cities & villages	47,606	3,290	6.72
Townships	64,062	2,775	4.33
Emmons			
County	238,299	13,795	5.79
School districts	524,241	30,497	5.82
Cities & villages	58,169	5,691	9.78
Townships	106,323	5,571	5.24
Foster			
County	148,038	6,476	4.37
School districts	444,305	19,329	4.35
Cities & villages	49,959	3,515	7.04
Townships	70,528	2,731	3.86
Golden Valley			
County	126,356	5,739	4.54
School districts	261,634	11,906	4.55
Cities & villages	27,214	2,767	10.17
Townships	50,638	1,444	2.85
Grand Forks			
County	987,811	62,625	6.36
School districts	3,211,450	205,212	6.39
Cities & villages	1,130,095	93,124	8.24
Townships	216,977	8,373	3.86
Grant			
County	174,539	9,232	5.29
School districts	505,697	26,948	5.31
Cities & villages	24,886	1,676	7.54
Townships	67,965	3,463	5.10
Griggs			
County	160,079	7,936	4.93
School districts	466,610	22,899	4.91
Cities & villages	44,921	3,831	8.53
Townships	92,662	3,936	4.24

(continued)

Appendix Table 1. (Continued)

County and type of political subdivision	Total property taxes levied, 1962 ^a	Taxes levied on selected items of personal property, 1962 ^a	
		Total	Proportion of total property taxes levied
	(dollars)	(dollars)	(per cent)
Hettinger			
County	174,532	11,724	6.72
School districts	460,642	30,745	6.67
Cities & villages	39,522	5,122	8.61
Townships	70,987	4,475	6.33
Kidder			
County	198,883	8,045	4.04
School districts	510,436	20,551	4.03
Cities & villages	20,816	1,562	7.50
Townships	73,105	2,656	3.63
LaMoure			
County	282,747	16,215	5.73
School districts	687,345	39,493	5.74
Cities & villages	68,835	6,906	10.17
Townships	105,884	5,182	4.89
Logan			
County	150,418	8,348	5.24
School districts	374,576	20,453	5.46
Cities & villages	29,042	2,500	8.61
Townships	70,174	3,233	4.64
McHenry			
County	232,129	11,469	4.55
School districts	948,098	44,587	4.53
Cities & villages	77,096	6,997	9.05
Townships	132,956	5,007	3.76
McIntosh			
County	232,426	20,078	9.03
School districts	548,421	49,561	9.04
Cities & villages	71,748	9,229	12.86
Townships	80,287	6,333	7.88
McKenzie			
County	182,733	8,639	4.73
School districts	461,205	21,762	4.71
Cities & villages	25,964	2,215	8.53
Townships	90,039	4,336	4.42
McLean			
County	317,164	20,167	6.34
School districts	915,375	57,721	6.31
Cities & villages	84,243	8,767	10.41
Townships	146,900	7,948	4.80
Mercer			
County	163,385	9,804	6.00
School districts	452,128	27,250	6.03
Cities & villages	51,697	4,878	9.44
Townships	78,682	4,253	5.40
Morton			
County	572,815	25,272	4.41
School districts	1,213,696	53,456	4.40
Cities & villages	276,753	24,844	8.98
Townships	86,583	1,940	2.24

(continued)

Appendix Table 1. (Continued)

County and type of political subdivision	Total property taxes levied, 1962 ^a	Taxes levied on selected items of personal property, 1962 ^a	
		Total	Proportion of total property taxes levied
	(dollars)	(dollars)	(per cent)
Mountrail			
County	231,141	9,722	4.21
School districts	693,675	29,275	4.22
Cities & villages	88,345	7,675	8.69
Townships	124,805	4,390	3.52
Nelson			
County	222,594	10,614	4.77
School districts	634,383	30,769	4.85
Cities & villages	60,649	6,154	10.11
Townships	140,131	5,198	3.70
Oliver			
County	166,340	6,325	5.85
School districts	183,272	10,678	5.83
Cities & villages	4,503	503	11.17
Townships	33,692	1,900	5.63
Pembina			
County	323,536	21,444	6.63
School districts	1,002,713	66,894	6.67
Cities & villages	95,744	11,261	11.76
Townships	209,452	11,987	5.72
Pierce			
County	209,327	9,477	4.53
School districts	557,143	23,037	4.53
Cities & villages	85,423	6,624	7.36
Townships	69,644	2,995	4.39
Ramsey			
County	404,743	20,277	5.00
School districts	1,147,668	57,136	4.98
Cities & villages	264,053	15,187	5.75
Townships	137,271	6,270	4.56
Ransom			
County	201,616	12,594	6.26
School districts	598,835	36,951	6.30
Cities & villages	93,700	9,924	10.59
Townships	91,447	4,395	4.80
Renville			
County	161,838	12,244	7.56
School districts	447,160	33,996	7.60
Cities & villages	35,757	3,254	9.10
Townships	71,822	5,353	7.45
Richland			
County	490,627	37,115	7.56
School districts	1,429,632	107,363	7.51
Cities & villages	184,289	19,831	10.76
Townships	243,909	16,257	6.66
Rolette			
County	146,536	9,662	6.59
School districts	381,236	25,608	6.72
Cities & villages	54,505	6,337	11.61
Townships	74,328	2,716	3.65

(continued)

Appendix Table 1. (Continued)

County and type of political subdivision	Total property taxes levied, 1962 ¹	Taxes levied on selected items of personal property, 1962 ²	
		Total	Proportion of total property taxes levied
	(dollars)	(dollars)	(per cent)
Sargent			
County	214,150	9,891	4.62
School districts	361,789	25,790	4.59
Cities & villages	32,831	3,087	9.40
Townships	125,415	4,084	3.89
Sheridan			
County	129,559	10,489	7.52
School districts	374,388	28,047	7.49
Cities & villages	17,964	2,236	12.45
Townships	46,648	3,327	7.13
Sioux			
County	49,133	2,201	4.48
School districts	96,957	4,343	4.48
Cities & villages	2,774	210	7.57
Townships	28,906	1,222	4.36
Slope			
County	96,932	2,980	4.45
School districts	176,173	7,805	4.43
Cities & villages	3,698	220	5.96
Townships	43,228	2,228	4.62
Stark			
County	287,733	22,695	7.89
School districts	1,002,070	78,508	7.83
Cities & villages	300,442	30,404	10.12
Townships	37,792	3,367	5.83
Steele			
County	160,165	9,736	6.08
School districts	541,731	31,227	5.76
Cities & villages	27,344	2,619	9.58
Townships	165,575	6,017	5.71
Stutsman			
County	496,778	24,593	5.94
School districts	1,091,114	99,578	5.89
Cities & villages	384,496	29,438	7.66
Townships	210,015	10,178	4.85
Towner			
County	189,312	8,731	4.61
School districts	582,763	27,074	4.64
Cities & villages	35,120	2,502	7.12
Townships	98,034	4,097	4.17
Trails			
County	368,918	27,581	7.48
School districts	827,547	61,482	7.43
Cities & villages	123,741	13,090	11.30
Townships	161,518	10,578	6.55
Walsh			
County	471,075	35,961	7.36
School districts	1,241,933	94,299	7.59
Cities & villages	189,391	21,330	11.26
Townships	216,030	14,178	6.36

(continued)

Appendix Table 1. (Continued)

County and type of political subdivision	Total property taxes levied, 1962 ¹	Taxes levied on selected items of personal property, 1962 ²	
		Total	Proportion of total property taxes levied
	(dollars)	(dollars)	(per cent)
Ward			
County	814,646	50,981	6.26
School districts	3,262,329	196,279	6.08
Cities & villages	1,233,267	82,237	6.67
Townships	196,840	11,470	5.83
Wells			
County	262,387	15,737	6.00
School districts	762,510	45,460	5.96
Cities & villages	70,873	8,711	12.29
Townships	134,863	6,334	4.69
Williams			
County	522,726	27,672	5.29
School districts	1,797,439	94,694	5.30
Cities & villages	387,611	32,067	8.27
Townships	169,995	6,585	3.87
State Totals			
Counties	15,498,389	900,313	5.81
School districts	47,500,495	2,771,404	5.83
Cities & villages	9,750,143	761,483	7.81
Townships	6,068,640	285,882	4.88
Total	78,817,566	4,729,082	6.00

Source: Proceedings of North Dakota State Board of Equalization, 1963, Abstracts of Assessments, 1962, and Abstracts of Taxes, 1962, for each county on file in the office of the North Dakota State Tax Commissioner.

¹1962 personal property taxes levied by four types of political subdivisions: (1) counties, (2) school districts, (3) cities and villages, and (4) townships (including levies for unorganized township road and bridge funds).

²Total property taxes levied on all locally and state assessed properties subject to general property taxes including special taxes in lieu of personal property taxes imposed on gain in commercial storage, mutual telephone companies, rural electric co-operatives, banks and savings and loan associations. This does not include special assessments levied on real estate to pay for improvements whose benefits accrue to the abutting property.

³Miscellaneous farm equipment, machinery, and tools (does not include tractors, combines, potato harvesters, and sugar beet harvesters); household goods, clothing, mutual instruments (including radio and television sets); business office equipment, professional office equipment, and libraries (law, medical, etc.).

Appendix Table 2. Ad Valorem taxes levied on all personal property by four types of political subdivisions in North Dakota, 1962.¹

County and type of political subdivision	Total property taxes levied, 1962 ²	Taxes levied on all personal property, 1962 ¹	
		Total	Proportion of total property taxes levied
	(dollars)	(dollars)	(per cent)
Adams			
County	147,670	32,187	21.79
School districts	382,308	82,979	21.67
Cities & villages	52,684	12,097	22.23
Townships	48,068	10,265	21.34
Barnes			
County	505,290	84,355	16.69
School districts	1,250,709	211,445	16.77
Cities & villages	197,705	36,754	18.59
Townships	212,737	34,380	16.16
Benson			
County	296,400	47,465	16.02
School districts	754,050	121,460	16.09
Cities & villages	41,071	7,423	18.07
Townships	140,955	22,349	15.86
Billings			
County	60,346	13,413	22.23
School districts	113,888	25,224	22.15
Cities & villages	568	67	11.80
Townships	16,815	3,793	22.63
Bottineau			
County	376,694	63,543	16.87
School districts	1,064,603	178,662	16.78
Cities & villages	82,250	16,200	19.69
Townships	189,560	30,649	16.17
Bowman			
County	153,331	33,584	21.90
School districts	321,109	70,454	21.94
Cities & villages	43,213	8,345	19.31
Townships	48,542	11,176	23.02
Burke			
County	231,768	35,262	15.21
School districts	531,770	89,471	15.13
Cities & villages	43,574	9,547	21.92
Townships	99,065	13,956	14.09
Burlingame			
County	610,825	101,457	16.61
School districts	2,452,945	408,436	16.65
Cities & villages	970,490	149,638	15.44
Townships	81,321	16,220	19.94
Cass			
County	1,170,734	208,015	17.76
School districts	5,781,360	1,001,715	17.32
Cities & villages	2,152,919	390,301	18.13
Townships	346,715	52,047	15.01
Cavalier			
County	343,750	57,364	16.69
School districts	845,802	141,245	16.70
Cities & villages	78,065	11,636	14.90
Townships	183,388	21,323	17.08

(continued)

Appendix Table 2. (Continued)

County and type of political subdivision	Total property taxes levied, 1962 ²	Taxes levied on all personal property, 1962 ¹	
		Total	Proportion of total property taxes levied
	(dollars)	(dollars)	(per cent)
Dickey			
County	275,339	52,498	19.07
School districts	707,130	134,065	18.96
Cities & villages	92,558	13,758	14.86
Townships	106,265	21,329	20.07
Divide			
County	185,465	34,817	18.77
School districts	407,340	76,779	18.85
Cities & villages	47,662	9,199	19.53
Townships	97,189	18,198	18.72
Dunn			
County	164,179	38,817	23.64
School districts	464,495	111,691	23.92
Cities & villages	23,358	4,982	21.33
Townships	90,337	22,089	24.45
Eddy			
County	161,780	30,653	18.94
School districts	418,058	79,751	19.08
Cities & villages	47,606	8,397	17.45
Townships	64,602	12,580	19.66
Emmons			
County	238,299	53,841	22.59
School districts	524,241	119,023	22.70
Cities & villages	58,189	12,144	20.87
Townships	196,523	34,808	23.33
Foster			
County	148,028	24,949	16.85
School districts	444,506	74,439	16.75
Cities & villages	49,959	10,785	21.59
Townships	70,628	11,361	15.90
Golden Valley			
County	126,356	20,812	16.47
School districts	261,834	43,174	16.49
Cities & villages	27,214	5,649	20.76
Townships	50,638	7,734	15.27
Grand Forks			
County	987,811	153,700	15.56
School districts	3,211,450	502,045	15.63
Cities & villages	1,130,665	183,713	16.26
Townships	216,977	32,336	14.91
Grant			
County	174,539	43,036	24.66
School districts	503,607	120,795	23.89
Cities & villages	24,886	4,470	17.96
Townships	67,863	16,892	24.89
Griggs			
County	160,079	35,368	17.72
School districts	469,610	82,253	17.63
Cities & villages	44,921	10,250	22.82
Townships	92,682	15,654	16.80

(continued)

Appendix Table 2. (Continued)

County and type of political subdivision	Total property taxes levied, 1962 ^a (dollars)	Taxes levied on all personal property, 1962 ^a	
		Total (dollars)	Proportion of total property taxes levied (per cent)
Hettinger			
County	174,552	39,385	22.56
School districts	460,642	103,212	22.41
Cities & villages	38,522	12,596	21.16
Townships	70,967	16,241	22.98
Kidder			
County	198,883	41,498	20.86
School districts	510,436	106,012	20.77
Cities & villages	20,816	4,399	21.13
Townships	73,105	15,205	20.80
LaMoure			
County	282,747	58,968	20.82
School districts	687,345	143,377	20.86
Cities & villages	68,835	15,450	22.44
Townships	103,884	21,792	20.98
Logan			
County	159,418	38,074	24.26
School districts	374,576	94,733	25.30
Cities & villages	29,042	5,625	19.37
Townships	70,174	17,750	25.30
McHenry			
County	252,129	44,822	17.70
School districts	684,068	173,470	17.63
Cities & villages	77,006	16,162	20.99
Townships	132,956	23,073	17.35
McIntosh			
County	222,426	58,952	26.50
School districts	540,421	145,522	26.53
Cities & villages	71,748	16,964	23.64
Townships	80,387	22,307	27.63
McKenzie			
County	182,733	51,502	28.05
School districts	461,235	128,784	27.92
Cities & villages	25,964	5,411	20.84
Townships	60,039	28,611	28.18
McLean			
County	317,164	68,497	21.60
School districts	915,375	196,632	21.48
Cities & villages	84,243	18,517	21.98
Townships	146,966	31,721	21.59
Mercer			
County	163,385	35,259	21.58
School districts	452,128	97,993	21.67
Cities & villages	51,897	11,191	21.65
Townships	78,682	17,307	22.00
Morton			
County	572,815	78,607	13.37
School districts	1,213,686	162,063	13.36
Cities & villages	276,733	52,827	19.09
Townships	86,593	9,394	10.74

(continued)

Appendix Table 2. (Continued)

County and type of political subdivision	Total property taxes levied, 1962 ^a (dollars)	Taxes levied on all personal property, 1962 ^a	
		Total (dollars)	Proportion of total property taxes levied (per cent)
Mountrail			
County	231,141	39,545	17.11
School districts	693,675	119,082	17.17
Cities & villages	88,345	19,662	22.26
Townships	124,805	20,176	16.17
Nelson			
County	222,594	36,149	16.24
School districts	634,383	104,289	16.44
Cities & villages	60,849	13,783	22.65
Townships	140,151	21,068	15.03
Oliver			
County	166,340	25,494	23.97
School districts	183,272	43,728	23.86
Cities & villages	4,568	892	19.81
Townships	33,692	8,226	24.42
Pembina			
County	323,538	55,912	17.28
School districts	1,002,713	174,849	17.44
Cities & villages	95,744	22,307	23.30
Townships	209,452	33,924	16.20
Pierce			
County	209,327	34,285	16.38
School districts	557,143	83,351	14.96
Cities & villages	85,423	15,761	18.45
Townships	69,544	11,272	16.18
Ramsey			
County	464,743	61,439	15.18
School districts	1,147,098	173,120	15.09
Cities & villages	264,053	45,874	16.62
Townships	137,271	19,768	14.42
Ransom			
County	201,016	40,430	20.12
School districts	586,035	118,648	20.22
Cities & villages	93,700	20,318	21.68
Townships	91,447	18,183	19.88
Renville			
County	161,838	33,572	20.66
School districts	447,160	92,375	20.66
Cities & villages	35,737	7,771	21.73
Townships	71,822	14,697	20.46
Richland			
County	490,827	100,316	20.44
School districts	1,429,932	290,191	20.29
Cities & villages	184,289	43,193	23.44
Townships	243,999	47,191	19.34
Rolette			
County	146,536	27,757	18.94
School districts	381,256	73,565	19.30
Cities & villages	94,505	19,096	20.09
Townships	74,328	13,313	17.91

(continued)

Appendix Table 2. (Continued)

County and type of political subdivision	Total property taxes levied, 1962 ^a	Taxes levied on all personal property, 1962 ^a	
		Total	Proportion of total property taxes levied
	(dollars)	(dollars)	(per cent)
Sargent			
County	214,150	38,349	17.91
School districts	561,789	90,997	17.80
Cities & villages	32,831	10,956	33.37
Townships	125,415	19,622	15.64
Sheridan			
County	139,559	33,925	24.31
School districts	374,388	90,720	24.23
Cities & villages	17,964	4,355	24.23
Townships	46,648	11,429	24.50
Sioux			
County	40,133	13,156	26.78
School districts	96,957	25,949	26.76
Cities & villages	2,774	860	31.00
Townships	28,006	7,354	26.97
Slope			
County	66,932	16,314	24.67
School districts	176,173	43,255	24.55
Cities & villages	3,688	436	11.82
Townships	48,228	12,201	25.30
Stark			
County	287,733	60,647	21.06
School districts	1,002,070	209,797	20.94
Cities & villages	309,442	64,909	21.00
Townships	57,792	12,629	20.81
Steele			
County	190,165	29,557	16.43
School districts	541,731	99,675	18.40
Cities & villages	27,244	5,482	20.05
Townships	105,373	19,421	18.61
Stutsman			
County	408,778	73,169	18.39
School districts	1,691,114	310,872	18.38
Cities & villages	394,496	72,756	18.92
Townships	210,615	38,544	18.35
Towner			
County	189,312	28,144	14.87
School districts	582,763	87,273	14.98
Cities & villages	35,120	6,233	17.73
Townships	98,634	14,158	14.44
Trail			
County	368,918	68,905	18.68
School districts	827,547	153,599	18.56
Cities & villages	123,741	25,894	21.73
Townships	161,518	29,642	17.73
Walsh			
County	417,675	91,544	19.43
School districts	1,241,933	240,045	19.33
Cities & villages	189,291	45,154	23.84
Townships	216,030	39,243	18.16

(continued)

Appendix Table 2. (Continued)

County and type of political subdivision	Total property taxes levied, 1962 ^a	Taxes levied on all personal property, 1962 ^a	
		Total	Proportion of total property taxes levied
	(dollars)	(dollars)	(per cent)
Ward			
County	814,646	132,679	18.77
School districts	3,262,329	633,783	18.51
Cities & villages	1,233,267	210,567	17.07
Townships	196,649	42,330	21.50
Wells			
County	262,387	49,123	18.72
School districts	762,510	141,899	18.61
Cities & villages	70,873	18,711	26.40
Townships	134,695	23,268	17.25
Williams			
County	522,726	98,872	16.99
School districts	1,787,438	363,681	17.00
Cities & villages	287,811	74,227	19.15
Townships	169,088	26,258	15.45
State Totals			
Counties	15,498,299	2,867,165	18.90
School districts	47,530,495	8,791,187	18.32
Cities & villages	9,750,143	1,896,794	18.53
Townships	6,068,649	1,114,893	18.37
Total	78,817,596	14,689,979	18.38

Source: Proceedings of North Dakota State Board of Equalization, 1962. Abstracts of Assessments, 1962, and Abstracts of Taxes, 1962, for each county on file in the office of the North Dakota State Tax Commissioner.

^a1962 personal property taxes levied by four types of political subdivisions: (1) counties, (2) school districts, (3) cities and villages, and (4) townships (including levies for unorganized township road and bridge funds).

^bTotal property taxes levied on all locally and state assessed properties subject to general property taxes including special taxes in lieu of personal property taxes imposed on grain in commercial storage, mutual telephone companies, rural electric co-operatives, banks and savings and loan associations. This does not include special assessments levied on real estate to pay for improvements whose benefits accrue to the abutting property.

^cAll farm machinery and all livestock; household goods, clothing, musical instruments (including radios and television sets); tools, machinery, and equipment not listed as real estate; oil drilling equipment; bulk oil and bulk station equipment; filling station equipment; business furniture, fixtures, and office appliances in shops, stores, offices, hotels, restaurants, etc.; professional equipment and libraries, law, medical, etc.; all and contractor's equipment; stocks of goods and merchandise held for sale by merchants, jobbers, retailers, and other stocks of materials and supplies.