

Guidelines for Property Tax Exemption for Improvements

(Remodeling Exemption)

On September 6, 2016, the City of Casselton passed a resolution to offer a Property Tax Exemption for Improvements to Commercial and Residential Buildings (NDCC 57-02.2).

Casselton City Specific Criteria

- The City Council will determine the number of years for the exemption up to 5 years.
- Residential and Commercial property must be at least 25 years old at the time of application.
- The length of the exemption is not based on dollars spent or value of increase.
- The property tax exemption needs to be applied for before the project is started.
- The exemption is on the increased amount of valuation.

Improvements that Qualify

- Improvements to commercial or residential buildings or structures by renovation, remodeling, alteration or an addition may qualify for exemption.
 - a. Renovation - Restoring to a previous condition or to a good state of repair.
 - b. Remodeling - Changing the plan, form or style of a building, to correct functional deficiencies.
 - c. Alteration - Changing, modifying or varying; changing materially.
 - d. Addition - A structure attached to an existing building to increase its size.
- Residential and Commercial buildings must be at least 25 years old or older on the assessment date to qualify for the exemption.

Improvements that Do Not Qualify

- When the project started construction prior to the approval of the exemption, it does not qualify for the exemption.
- The complete replacement of one building with another building does not qualify for the exemption.
- A separate structure that is not attached to the existing building does not qualify for the exemption.

Procedures

- The property owner must file an application with the City Assessor.
- The City Assessor must determine if the improvements qualify for exemption.
- The City Council must grant the exemption prior to start of the project.
- If the renovation, remodeling, alteration or addition qualifies, the last assessment on the building prior to the start of making the improvement remains for the prescribed period unless equalization or re-evaluation of building values is necessary.
- The exemption is effective beginning with the first assessment date following the date of commencement of making the improvements.
- Land values are taxable and may be changed on any assessment date when justified.