

## RESOLUTION NO. 1757

### A RESOLUTION PROVIDING FOR PROPERTY TAX EXEMPTION OF IMPROVEMENTS TO COMMERCIAL AND RESIDENTIAL BUILDINGS, AS AMENDED

The Grafton City Council may, in its discretion, determine eligible real property within the city limits to be exempt from assessment and taxation, in whole or in part, pursuant to North Dakota Century Code § 57-02.2-03 upon the following conditions and/or limitations:

#### I. Improvements Which Qualify.

##### A. Residential.

1. To qualify for the exemption of an improvement to a residential building, the building must be renovated, remodeled, or altered. It cannot be the complete replacement of one building with another building. For these purposes, "renovate" shall mean to restore to a previous condition or to a good state of repair; "remodel" shall mean changing the plan, form, or style of a building, to correct functional deficiencies; "alter" shall mean to effect change, modify, or vary, to change materially.
2. A new addition to an existing residential building would qualify for exemption the same as any renovation, remodeling or alteration.
3. Renovation, remodeling, or alteration of a nonresidential building into a residential building is eligible for an exemption.
4. Any exemption for renovation, remodeling or alteration for residential purposes is limited to a building or structure at least 25 years old on the assessment date preceding the application.
5. Improvements must increase the assessment value of the existing building at least 10% or \$10,000.00, whichever is less.
6. Improvements solely resulting from local, state, or federal government grants shall not be eligible for the exemption.
7. A properly issued building permit for the renovation, remodeling or alteration must have been issued prior to such improvements being undertaken.

##### B. Commercial.

1. To qualify for the exemption of an improvement to a commercial building, the building must be renovated, remodeled, or altered. It cannot be the complete replacement of one building with another building. For these purposes, "renovate" shall mean to restore to a previous condition or to a good state of repair; "remodel" shall mean changing the plan, form, or style of a building, to correct functional deficiencies; "alter" shall mean to effect change, modify, or vary, to change materially.
2. A new addition to an existing commercial building would qualify for exemption the same as any renovation, remodeling or alteration.

3. Renovation, remodeling, or alteration of a residential building into a commercial building is eligible for an exemption.
4. Improvements must increase the assessed value of the existing building by at least \$25,000.00 or 10% of the assessed value of the existing building prior to improvements.
5. Improvements solely resulting from local, state, or federal government grants shall not be eligible for the exemption.
6. A properly issued building permit for the renovation, remodeling or alteration must have been issued prior to such improvements being undertaken.

**II. Application.**

1. An application for the exemption must be filed with the Assessor at the time of building permit issuance.
2. The Assessor shall initially determine if the improvements qualify for the exemption, however, the City Council must approve any exemption at its annual Board of Equalization meeting before it is effective.
3. If the renovation, remodeling, or alterations qualify, an exemption may be granted for up to five (5) years. Upon the granting of any exemption, the last assessment on the building will remain for the period of exemption unless an equalization percentage change is made or a re-evaluation program for commercial or residential buildings is completed.
4. Values of the land excluding improvements may be changed whenever justified.
5. Any exemption provided by the City Council shall apply only to that part of the valuation resulting from the improvements which is over and above the assessed valuation, exclusive of the land, placed upon the building or structure for the last assessment period immediately preceding the date of commencement of the improvements. Upon determination of exemption, the exemption shall be valid for the prescribed period and shall not terminate upon the sale or exchange of the property but shall be transferable to subsequent owners.
6. If the application is not filed as provided herein, the Assessor shall regard the improvements as nonexempt and shall assess them as such.

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ADOPTED: August 9, 2021

APPROVED: \_\_\_\_\_ DATE: August 9, 2021  
Chris West, Mayor

FILED: \_\_\_\_\_ DATE: August 9, 2021  
Connie A. Johnson, City Auditor-Treasurer