

City of West Fargo

Improvements of Existing Buildings Exemption Policy and Guidelines

The City Commission finds that the present method of assessment and taxation of real property does not encourage the investment of capital in the rehabilitation and remodeling of commercial buildings and structures with the result that such properties have been allowed by their owner to decay, become in need of repair and modernization, and such conditions have resulted in a decreased tax base.

The City finds it is in the public interest and welfare of the City and its citizens to encourage the investment of private capital in improvements to commercial buildings and structures, enhancing living conditions and preserving and increasing the property tax base.

It is the intent of the City to use this property tax exemption as a tool for economic development. This exemption may be used as an alternative or in conjunction with other exemptions and incentives.

IMPROVEMENTS WHICH QUALIFY

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.
 - **Renovation defined** - to restore to a previous condition or to a good state of repair.
 - **Remodeling defined** - changing the plan, form or style of a building to correct functional deficiencies.
 - **Alteration defined** - to effect change, modify or vary, to change materially.
2. A new addition to an existing commercial building does qualify. However, the City has adopted the policy that the Application for Property Tax incentives for New and Expanding Businesses must still be completed and filed with the Assessors' Office on all commercial additions.
3. Commercial improvements must meet or exceed a \$45,000 increase in true and full value to qualify for an exemption of up to five years. Residential property must be 25 years old to qualify. Residential properties with a \$25,000 increase in true and full value are eligible for up to five years. Residential properties with less than a \$25,000 increase in true and full value are eligible for up to three years.

APPLICATION FOR EXEMPTION

1. An application must be filed with the City Assessor.
2. The assessor must determine if the improvements qualify for the exemption; however, the governing body must approve the exemption before it becomes effective.
3. If the renovation, remodeling or alterations qualify, the last assessment on the building would remain the same for up to five years unless an equalization percentage change is made or a reevaluation program for commercial buildings is completed.
4. The land values are adjusted periodically in accordance with market values of property in the area.

Any exemption granted will be in compliance to NDCC Chapter 57-02.2