

# City of Minot

Assessor's Office

DATE: 4/12/2018

TO: John Zakian, NDR Program Director

FROM: Kevin Ternes, City Assessor



REFERENCE: Renaissance Zone Prospective Project located at #3 & #7 1<sup>st</sup> Street SW by Aksal Group

We have been asked to provide some property tax information on the current and estimated future assessment of 2 commercial buildings adjoining at #3 & #7 1<sup>st</sup> ST SW. The estimates in this memo consider both buildings as one parcel for illustration purposes. The 2017 True and Full Value assessment was \$67,000 for the land and \$260,000 for the buildings for a total of \$327,000.

Because the project appears to be projected at about \$3.1 million for the owner's estimate of cost of the investment that would be at least 20% of the building assessment so it would meet the minimum investment to qualify for some level of property tax exemption under the Minot Renaissance Zone plan.

The building assessment of \$260,000 and the property taxes on this amount for 2017 were approximately \$4,218. The description of the work in the Renaissance Zone application appears to be a total renovation of interior and exterior. The estimated taxes not collected on the amount for the building if the exemption was granted for 5 years would be about \$4,218 per year for a total of \$21,090. The applicant is estimating a property value in the future of approximately 3.4 million dollars. Our office would estimate the assessment upon completion and 5 years into the future to be something less than 3.4 million based on current information and market data at this time with the limited information about type of tenants. We would give an estimate of range of assessment for a completed project for office style interior finish of all levels to be between 1.4 million and 2 million. The taxes that would be estimated to be collected on an estimate of 1.7 million therefore would be approximately 27,600 dollars based on today's mill levy. If this was the case an assessment of 1 year after the 5 year exemption expired would seem to recover the 5 years of revenue dollars not collected on the current assessment.

Please remember it is difficult to project property assessments and tax rates into the future and if the building completed becomes more retail than office etc. these estimates could change.

We are available for further questions.

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