

## Staff Report for 2021 State Board of Equalization

October 4, 2021

**File No.:** 2021-WILLIAMS-RAMADA

**Prepared By:** Property Tax Division

**County or City:** Williams County

**Appellant:** Ramada Williston Airport Hotel

**Issue:** Appealing assessed value of commercial property.

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**Summary:** Appellant believes the assessed value of the Ramada Williston Airport Hotel, located at 5831 Jefferson Lane, exceeds market value. (Parcel No. 46-155-01-28-01-012)

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**Analysis:** Staff from the Property Tax Division of the North Dakota Office of State Tax Commissioner met with hotel management and an onsite inspection was completed on August 25, 2021. Staff also met with Williams County Tax Director, Ms. Darcy Anderson, and her staff.

The onsite inspection and hotel management confirmed the hotel has 240-units, 20 units are used for storage and other purposes. The discrepancy of 20 units within a hotel property would have a noticeable impact when analyzing all three approaches to value.

The sales ratio study includes 41 commercial sales for a sales ratio of 90.9%, which indicates no changes are needed for commercial assessments. The Williams County Board of Equalization approved a reduction on several commercial occupancy types including hotels, which included the appellant's property receiving a 25% reduction to prior year assessment.

Consideration was given to the three approaches to value with information provided by the appellant and city assessor. The cost approach was provided by Williams County. The 240-unit assessment of \$ 30,000 per unit (220-unit \$32,000), the Property Tax Division compared similar property assessments for equalization purposes and an average assessed value of \$40,000 per unit was determined. The sales comparison considered recent and useable sales within the Williston area and the information used provided a value of \$36,000 per unit.

Because the information submitted by the appellant was for a 220-unit property, precluding the income approach. The additional units would generate extra income and expenditures not accounted for in their financial analysis.

The sales approach was considered the most applicable approach due to the number of adequate and useable sales within the jurisdiction. However, the information gathered by the Property Tax Division shows that a functional obsolescence needs to be considered because the property does not have onsite laundry facilities. After review with the county staff, a 7% reduction to the improvement value is recommended.

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**Recommendation:** Direct Williams County to decrease the improvement (structure) assessment of parcel 46-155-01-28-01-012 by 7%; resulting in an approximate total assessment of \$6,762,237.