

## Staff Report for 2022 State Board of Equalization

October 6, 2022

**File No.:** 2022-CAVALIER-LUHMANN

**Prepared By:** Property Tax Division

**County or City:** Cavalier County

**Appellant:** Dennis Luhmann

**Issue:** Whether land should be classified as agricultural or commercial

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**Summary:** Appellant asserts Parcel 10174000 is not platted, is part of his farm plant, and should be considered agricultural land.

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**Analysis:** Dennis Luhmann appealed the classification of his parcel of land located outside Langdon's city limits. In 1972, Mr. Luhmann built a shop on this parcel to use as part of his lumber yard which was shut down in the early 1980's. Since closing the lumber yard, he has used this parcel as part of his farm plant. A map has been included on the following page.

The property's classification was commercial from 1970 to 2008, when it was reclassified as agricultural property. In 2014, after reviews by township and county assessors, this parcel was reclassified as commercial property. Mr. Luhmann asserts that this parcel should be considered and valued as agricultural land.

An analysis under N.D.C.C. § 57-02-01(a) is required to determine whether the property should be classified as agricultural land for tax year 2022. When agricultural land is platted after March 30, 1981, it remains agricultural land for assessment purposes until a minimum of four conditions, provided in statute, exist. After a thorough review, the following conditions have been determined and notes provided for each provision.

North Dakota Century Code 57-02-01(a) provides (in part):

a. Property platted on or after March 30, 1981, is not agricultural property when any four of the following conditions exist:

(1) The land is platted by the owner.

*No, this land was not platted by the owner.*

(2) Public improvements, including sewer, water, or streets, are in place.

*Yes, roads, electricity, and sewer are in place.*

(3) Topsoil is removed, or topography is disturbed to the extent that the property cannot be used to raise crops or graze farm animals.

*Yes, topsoil has been removed.*

(4) Property is zoned other than agricultural.

*Yes, the lots are zoned rural/commercial.*

(5) Property has assumed an urban atmosphere because of adjacent residential or commercial development on three or more sides.

*Yes, three sides surrounding the parcel are classified as commercial.*

(6) The parcel is less than ten acres [4.05 hectares] and not contiguous to agricultural property.

*Yes, the parcel is 1.48 acres and not contiguous to agricultural property.*

(7) The property sells for more than four times the county average true and full agricultural value.

*Yes, the market value indicates that the parcel would sell for more than four times the county average true and full agricultural value which is \$1,037 per acre.*



The picture above shows the parcel owned by Mr. Luhmann.

After review of NDCC §57-02-01.1(a) we find that six of the seven conditions exist, therefore, this land cannot be classified as agricultural property. The Property Tax Division recommends no change.

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**Recommendation:** No action required.