Staff Report for 2022 State Board of Equalization

October 6, 2022

File No.: 2022-WEST FARGO-INVERTASE  
Prepared By: Property Tax Division

County or City: City of West Fargo

Appellant: Invertase, LLC

Issue: Appeal of residential property valuation

Summary: Invertase, LLC, represented by Tami Norgard, Vogel Law Firm, requests a reduction of the valuation of four properties located within the City of West Fargo.

<table>
<thead>
<tr>
<th>Parcel</th>
<th>Assessed Value</th>
<th>Proposed Value</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parcel 1</td>
<td>$1,117,700</td>
<td>$560,000</td>
<td>$557,700</td>
</tr>
<tr>
<td>Parcel 2</td>
<td>$782,100</td>
<td>$152,000</td>
<td>$630,100</td>
</tr>
<tr>
<td>Parcel 3</td>
<td>$776,400</td>
<td>$532,800</td>
<td>$243,600</td>
</tr>
<tr>
<td>Parcel 4</td>
<td>$348,800</td>
<td>$201,300</td>
<td>$147,500</td>
</tr>
<tr>
<td>Total</td>
<td>$3,025,000</td>
<td>$1,446,100</td>
<td>$1,578,900</td>
</tr>
</tbody>
</table>

On December 30, 2021, Invertase, LLC, which is owned by Tevye, LLC, purchased four contiguous parcels. Parcels 1 and 2 were purchased with one deed for the sale price of $3,195,000. Parcel 1 has 6.34 acres, contains a 1,866 square foot residential structure that was built in 1996, and has one detached 5,000 square foot pole building. Parcel 2 is 7.651 acres of vacant land. Parcel 3 was purchased for $859,038 and consists of 1.42 acres and has one 3,084 square foot residential structure built in 2001. Parcel 4 contains .83 acres, one 1,896 square foot residential structure, one detached 1,250 square foot pole building, and was purchased for $522,810. The total purchase price for the four parcels was $4,576,848.

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Property Tax Division staff conducted an onsite inspection on August 24, 2022, with Invertase and Tevye staff present. The appeal was discussed with Invertase, LLC’s representatives, Tami Norgard and Gerald Bock, independent appraiser. Staff also discussed the appeal with Nick Lee, City of West Fargo Assessor, and Paul Fracassi, Cass County Tax Equalization Director.

Two approaches to value were considered for this appeal, the cost approach and the sales approach. The cost approach is based on square footage, characteristics of the property, local and regional multipliers, and calculated depreciation. The cost approach for the four contiguous properties resulted in an estimated value of $2,214,800, which is lower than the aggregate assessed value of $3,025,000.

The sales approach was considered using sales provided by Mr. Lee, City of West Fargo Assessor. The seven comparable sales are current sales located in the vicinity of the subject property which were each sold for over one million dollars. The sales approach used a square foot comparison for both land and improvements. The average assessed improvement value of the comparable sales is $305.57 per square foot and the average assessed land value is $6.60 per square foot. As assessed, the Invertase properties’ combined improvement value is $156.43 per square foot, and the combined land value is $4.25 per square foot.
The sales approach for the four contiguous properties resulted in an estimated value of $6,707,400, which is higher than the aggregate assessed value of $3,025,000.

Based on the Property Tax Division’s analysis of the cost approach, the Invertase properties’ combined assessment of $3,025,000 is higher than this division’s estimated assessment of $2,214,800. The sales approach findings show that using the average assessed value of the comparable sales for improvements and land, with the square footage of the Invertase properties’ improvements and land, the value determined is $6,707,400 and is above the city’s assessed value of $3,025,000. Property Tax Division Staff weighted the cost approach and sales approach yielding a valuation of $3,337,900, which is greater than the city’s assessed value by $312,900 showing the weighted value as higher than the assessed value.

Upon review of all information submitted by Invertase, LLC, and the city, the assessment of the subject property is reasonable, and no change is necessary.

**Recommendation:** No action required.