

Staff Report for 2022 State Board of Equalization

October 6, 2022

File No.: 2022-WILLIAMS-CAPITAL GAINS

Prepared By: Property Tax Division

County or City: Williams County

Appellant: Capital Gains, LLC

Issue: Appeal of the commercial property valuation of a man camp

Summary: Capital Gains LLC represented by Garth Sjue, Crowley Fleck PLLP, is appealing the assessed value of \$4,387,950 for Parcel number 18-156-96-00-09-042, located at 10855 HWY 2, Tioga, ND.

Analysis: The Westbank Township Board of Equalization met on April 19, 2022, and approved an assessed value of \$5,781,030 for the 69.25-acre man camp.

The Williams County Board of Equalization reduced the assessed value to \$4,387,950 (\$2,302,750 for the land and \$2,085,200 for the improvements). Capital Gains LLC appealed, asserting the assessed value for the man camp should be \$110,000. They hired an independent appraiser who provided an appraisal document for \$1,850,000. The Property Tax Division staff were unable to use their comparable properties as most are active commercial real estate listings and the appraisal did not include valuations for all property structures.

Williams County Board of Equalization staff was invited to tour the property on June 21, 2022, after the County Board of Equalization had already met and finished its equalization duties. Based upon significant physical deterioration of the structures, the county appraiser is now recommending that the State Board of Equalization further reduce the assessed value to \$3,514,980 (\$2,029,550 for the land and \$1,485,430 for the improvements).

Property Tax Division staff toured the property and interior and exterior of the buildings on August 31, 2022, with co-owner Mr. Jon Geyerman.

The income approach to value was not used because all housing units have been removed and there is no business activity on the property. The sales comparison could not be applied due to a lack of current market data. The cost approach was the only approach to value utilized.

The cost approach was completed utilizing the Marshall & Swift cost manual, applying regional and local multipliers as well as a depreciation factor determined a value of \$3,749,127. The cost approach was deemed the most appropriate method for valuation when considering all approaches to value.

Based on the Property Tax Division staff's onsite inspection, a reduction of assessed value is recommended.

Recommendation: Direct Williams County to decrease the land assessed value of \$2,302,750 by 11% and the improvement assessed value of \$2,085,200 by 29% for functional and economic obsolescence; resulting in an approximate assessed value of \$3,529,940 for parcel number 18-156-96-00-09-042.

Capital Gains LLC – 69.25 Acre Man-Camp (before and after housing units were removed)



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