

Staff Report for 2022 State Board of Equalization

October 6, 2022

File No.: 2022-WILLIAMS-SM HOSPITALITY LLC

Prepared By: Property Tax Division

County or City: Williams County

Appellant: SM Hospitality LLC

Issue: Appeal of the commercial property valuation of a hotel

Summary: SM Hospitality LLC represented by Martha Amdahl, Crowley Fleck PLLP, appeals the assessed value of \$7,101,440 on Parcel number 46-155-01-28-01-012, located at 5813 Jefferson Lane, Williston, ND.

Analysis: The Williams County Board of Equalization approved an assessed value of \$7,101,440. SM Hospitality LLC appealed asserting the assessed value for the hotel should be \$2,916,960.

The hotel has 240-units; with 230-units available to the public. The use of 10 units for storage and/or staff housing is a management decision and does not affect the valuation.

This property was appealed to the State Board of Equalization last year under different ownership, at the time the value was reduced by 7%. On December 28, 2021, the property sold at auction for \$2,916,960, with an opening bid of \$1,350,000. This property was listed on a national website, Ten-X and potential buyers were allowed onsite tours October 19 & 20, 2021. For these reasons in accordance with the North Dakota Century Code § 57-01-06, and the Assessment Sales Ratio Study guideline, this sale was found to meet the criteria to be a usable sale. The county had excluded this sale from their analysis.

Williams County Tax 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 that visit, the county appraiser is now recommending that the State Board of Equalization reduce the assessed value to \$6,092,060.

Property Tax Division staff met with SM Hospitality LLC's representative and the hotel general manager for an onsite inspection on August 31, 2022. Staff also met with the Williams County Tax Director, Ms. Darcy Anderson, and her staff.

Consideration was given to the three approaches to value. The income approach indicates a value of \$26,000 per unit. The cost approach indicates a value of \$29,600 per unit. The sales approach indicates an average sales price of \$17,000 per unit. After consideration for the three approaches to value, a \$20,700 per unit basis for 240 rooms determines a value of \$4,968,000.

Based upon the Property Tax Division staff's onsite inspection and comparisons of similar properties, a reduction of assessed value for functional and economic obsolescence is needed.

Recommendation: Direct Williams County to decrease the assessed value of \$7,101,440 by 30%, resulting in an approximate assessed value of \$4,971,000 for parcel 46-155-02-28-01-012.