

Staff Report for 2023 State Board of Equalization

File No.: 2023-CASS-FARGO-LOVES TRAVEL STOPS

Prepared By: Property Tax Division

County or City: City of Fargo

Appellant: Loves Travel Stops & Country Stores, Inc.

Issue: Appeal of Commercial Property Valuation

Summary: Loves Travel Stops & Country Stores, Inc., is appealing the property value of \$7,523,000 on parcel number 01-8411-00011-000, located at 3220 39th Street South, Fargo, ND.

Analysis: The Cass County Board of Equalization approved a 2023 true and full value of \$7,523,000, of which \$4,536,000 is attributable to the land and \$2,987,000 is attributable to the improvements. Loves Travel Stops & Country Stores, Inc. requests a reduced 2023 true and full value of \$4,350,000.

Property Tax Division staff conducted an onsite inspection on Tuesday, August 29, 2023. The appeal was discussed with Loves Travel Stops & County Stores, Inc. representative Gerry Amoroso, City of Fargo Assessor, Michael Splonskowski, and Cass County Director of Tax Equalization, Paul Fracassi.

Consideration was given to the three approaches to value. The cost and sales approaches were deemed the most appropriate for this appeal. The income approach was deemed unreliable as there is insufficient income information available in the market to determine a reliable income capitalization rate.

The cost approach to value was considered for this appeal. The cost approach, based on several factors including: characteristics of the property, depreciation, local and regional multipliers, and price per square foot, in no specific order of significance, resulted in an estimated improvement value of \$3,476,000, which is higher than the approved improvement true and full value of \$2,987,000.

The sales approach to value was also considered for this appeal. Current, comparable sales information was supplied by Mr. Splonskowski. The average improvement value of the comparable sales is \$223.01 per square foot for convenience stores and \$73.35 per square foot for repair shops. This indicates an estimated improvement true and full value of \$2,823,600, which is lower than the approved improvement true and full value of \$2,987,000.

Property Tax Division staff completed a separate land value study. Recent sales of fifteen comparable properties indicate an average sales value of \$3.25 per square foot and are assessed at an average of \$5.67 per square foot. Recent sales of fourteen commercial properties in close proximity to the subject property indicate an average sales value of \$12.55 per square foot and are assessed at an average of \$8.55 per square foot.

Upon review of all information submitted by Loves Travel Stops & Country Stores, the City of Fargo, and Cass County, and after consideration was given to the changing market conditions, the cost and sales approaches were weighted. The weighted cost approach and sales approach reached an improvement value of \$2,986,700. The difference in the improvement value is an opinion of assessment and could fluctuate depending on how the market is viewed and does not warrant a change. The sales approach indicated a land value of \$7.51 per square foot is equitable and determines a total estimated land value of \$3,782,500 for the subject property.

Proposal for Review: Direct Cass County to decrease the true and full land value by 17%, to an approximate true and full land value of \$3,782,500 for the land, and an approximate overall true and full value of \$6,769,500 on parcel 01-8411-00011-000.