

Staff Report for 2023 State Board of Equalization

File No.: 2023-GRANT-BINEGAR

Prepared By: Property Tax Division

County or City: Grant County

Appellant: Randall Binegar, President of Heart Butte Association

Issue: Appeal of Residential Land Valuation

Summary: Mr. Randall Binegar, President of Heart Butte Association, as a representative for the Homeowners Association, is appealing the residential land value of 224 parcels located on Lake Tschida in Grant County.

Analysis: Grant County contracted with Vanguard Appraisals, Inc. to conduct a reappraisal of the county in 2022 for the February 1, 2023, assessment date. The reappraisal of Grant County included all parcels with the classification of residential, agricultural dwelling, commercial. Contained in the letter of transmittal were the conclusions of the three approaches to value which were used to complete the mass appraisal of Grant County. After discussion at the Grant County Board of Equalization meeting, a \$40,000 lake influence adjustment was removed from all properties it was applied to initially.

Mr. Binegar provided a copy of a seasonal recreation use permit that is required between cabin and mobile homeowners of the Heart Butte Reservoir at Lake Tschida and the Tri-Cities Joint Job Development Authority. The permit allows use of the cabin area seven months of the year and outlines many restrictions and requirements as stated by the appellant.

Property Tax Division staff visited with Mr. Binegar, Heart Butte Association President, and had many conversations with Steve Thilmony, both being cabin owners, to discuss the appeals in the Cabin Areas of Lake Tschida as well as with Ms. Steinmetz, Grant County Tax Director of Equalization.

The first issue stated in Mr. Binegar's appeal as President of the Heart Butte Association, was a concern regarding the legality of the taxation of the cabin areas since a permit charge is paid each year and a portion of that payment is being paid to the county as a payment in lieu of tax. Property Tax Division staff have researched this issue with the Legal Division of the Office of State Tax Commissioner.

North Dakota Century Code § 57-02-03 states, "All property in this state is subject to taxation unless expressly exempted by law."

North Dakota Century Code § 57-02-08 states in part, "All property described in this section to the extent herein limited shall be exempt from taxation:

1. All property owned exclusively by the United States except any such property which the state and its political subdivisions are authorized by the laws of the United States to tax."

The United States does not own the cabins or mobile homes that are situated on the federal land; therefore, they are not considered exempt. No payment in lieu of tax is in place for the value of the improvements situated on the federal land. Grant County is correct in assessing the value of the improvements.

The second issue stated in Mr. Binegar's appeal was asking that the State Board of Equalization direct Grant County to perform a re-evaluation of the increases to the Lake Tschida cabin and mobile home areas. This evaluation was completed while the mass appraisal of Grant County was being performed. Mass appraisal is the process of valuing a group of properties on a given date, using common data, standardized methods, and statistical testing. Upon review of the letter of transmittal submitted to Grant County from Vanguard Appraisals, Inc., the Property Tax Division staff are confident that this process was completed properly, and the Lake Tschida area was valued appropriately.

The final issue in Mr. Binegar's appeal is requesting a new process for sales to be utilized which would consider the personal property of each sale. The annual sales ratio study that is conducted by the State Supervisor of Assessments as set forth in North Dakota Century Code § 57-01-05(4) allows for the personal property or other seller's concessions included in a sale to be deducted from the sale price. The provision is in place.

Property Tax Division staff determined that Grant County is correct to assess the improvements in the cabin and mobile home areas, that the Lake Tschida area was properly valued, and that there is a mechanism in place to record the proper sales price for the cabins within the sales ratio study. It was also determined that prior to the purchase of a cabin and for the renewal of each permit, the cabin and mobile homeowners are aware of the restrictions and choose to purchase and renew their permits. The issue of the restrictions does not inhibit the purchase or renewal of the permits. Due to these findings, no change is recommended.

Proposal for Review: No action required.