

Staff Report for 2023 State Board of Equalization

File No.: 2023-MORTON-MANDAN-FRANK

Prepared By: Property Tax Division

County or City: City of Mandan

Appellant: Jason Frank

Issue: Appeal of Residential Property Valuation

Summary: Mr. Jason Frank is appealing the valuation of the residential property value of \$2,148,500 on parcel number 65-4783200, located at 2503 Macedonia Avenue SE, Mandan, ND, and whether the City of Mandan was required to send a Notice of Increase for the February 1, 2023, valuation prior to the City of Mandan Board of Equalization meeting on April 4, 2023.

Analysis: Morton County Board of Equalization approved a 2023 true and full value of \$2,148,500, with \$1,948,500 placed on the improvement and \$200,000 on the land, which includes a \$75,000 one-year tax exemption. Without the exemption, the approved true and full value is \$2,223,500.

Property Tax Division staff completed an onsite inspection with Mr. Frank and his attorney Trent Jackson of Heartland Law on September 6, 2023. Staff also visited Morton County Tax Director Donald LaFleur, City of Mandan Assessor Kimberly Markley, and two city appraisers.

Timeline of Events

Date	Event
February 1, 2021	2021 Approved Value is \$58,520
February 1, 2022	2022 Approved Value is \$2,082,100 - no Notice of Increase sent for 2022 (error)
February 1, 2023	2023 Approved Value is \$2,148,200 - no Notice of Increase (3.2% increase)
March 20, 2023	Deadline to mail 2023 Notice of Increase NDCC § 57-02-53(1)(a)
March 23, 2023	2022 Abatement application received for 2022 valuation, no Notice of Increase sent in 2022
April 4, 2023	2023 City of Mandan Board of Equalization meeting - no appeal presented
April 18, 2023	Continuation of 2023 City of Mandan Board of Equalization meeting - no appeal presented
April 18, 2023	City of Mandan Commissioners approved recommendation for approval of abatement (Frank 2022 - \$58,520)
April 25, 2023	Morton County Commission approved Frank 2022 abatement reducing 2022 value to \$58,520
May 5, 2023	City of Mandan sent letter to applicant with Notice of Increase for 2023, after 2022 abatement approved (\$58,520 to \$2,148,500)
June 8, 2023	Applicant appealed 2023 valuation of \$2,148,500 to the Morton County Board of Equalization
August 8, 2023	Applicant appealed 2023 valuation of \$2,148,500 to the State Board of Equalization

Mr. Frank raises two arguments for why his 2023 valuation should be reduced in this appeal. First, he argues that his valuation cannot be increased from the 2022 valuation because he did not timely receive a notice of increase. Next, Mr. Frank argues the assessed value of his property is too high.

Mr. Frank argues that his valuation should be reduced because he did not receive a Notice of Increase from the City of Mandan for a change in valuation for the 2022 assessment year. North Dakota Century Code § 57-02-53(1)(a) requires the assessor to send an assessment Notice of Increase to a property owner when the true and full value of any lot or tract of land and improvements has been increased three thousand dollars or more and ten percent or more from the amount of the previous year's assessment. Delivery of written notice to a property owner must be completed at least fifteen days before the local board of equalization meeting.

At the time the City of Mandan assessor did their work, Mr. Frank's 2022 valuation was \$2,082,200. There was no requirement by the City of Mandan to send a Notice of Increase for the 2023 assessed property tax valuation of \$2,148,500, because the increase was \$66,400 over the prior year but not greater ten percent.

Mr. Frank did not appeal his 2023 valuation at the City of Mandan Board of Equalization meeting which began on April 4, 2023, and adjourned on April 18, 2023. On April 25, 2023, after the City of Mandan Board of Equalization finished approving the 2023 valuations, the Mandan City Commission abated Mr. Frank's 2022 taxes, reducing his 2022 valuation to \$58,520. The City of Mandan sent a 2023 Notice of Increase to Mr. Frank on May 5, 2023, because, as a result of the abatement of 2022 taxes, Mr. Frank's 2023 valuation was now an increase of greater than \$3,000 and ten percent.

Mr. Jackson filed an appeal for Mr. Frank's 2023 valuation of \$2,148,500 on June 8, 2023, at the Morton County Board of Equalization meeting. The County Board of Equalization voted to deny Mr. Frank's appeal for a reduced valuation and to keep the current value of \$2,148,500. A 2023 Notice of Increase was not required prior to the City of Mandan Board of Equalization meeting because the approved 2022 valuation and proposed 2023 valuation, at that time, did not trigger the requirement to send a Notice of Increase. Mr. Frank was promptly provided with a Notice of Increase after action by the City Commission abated and reduced Mr. Frank's 2022 valuation to a level that would have triggered a requirement to send Notice of Increase had it happened prior to the meeting of the 2023 City of Mandan Board of Equalization. That Notice of Increase afforded Mr. Frank the opportunity to appeal to the County Board of Equalization, and the State Board of Equalization. No reduction of Mr. Frank's 2023 valuation is required under the requirements of North Dakota Century Code § 57-02-53(1)(a).

Mr. Frank is also arguing that the assessed value of his property is too high. Considering the three approaches to value, the income approach to value was not used to determine the value of this property

due to its use as a residence and the fact that it is not an income producing property. Therefore, the sales and cost approaches to value were utilized.

The sales approach was used to compare local properties to the subject property. The average improvement value of the local comparable properties is \$257.65 per square foot and \$5.24 per square foot for the land. Using these per square foot values and applying them to the subject property indicates an improvement value of \$1,577,066 and a land value of \$823,880 for a total true and full value of \$2,400,946. The estimated true and full value of \$2,400,946 is slightly higher than the county approved true and full value of \$2,223,500.

The sales approach was also used to compare the subject property to statewide comparable properties. The average improvement value is \$317.92 per square foot and \$5.70 per square foot for the land. Using these per square foot values and applying them to the subject property indicates an improvement value of \$1,945,986 and a land value of \$895,611 for a total true and full value of \$2,841,597. The estimated true and full value of \$2,841,597 is much higher than the county approved true and full value of \$2,223,500.

Using a weighted average of 2022 local sales and statewide comparable properties, the improvement value per square foot of \$275.73 and land value per square foot of \$5.38 indicates an improvement value of \$1,687,742 and land value of \$845,399 for a total true and full value of \$2,533,141. The estimated true and full value of \$2,533,141 is higher than the county approved true and full value of \$2,223,500.

The cost approach to value was considered for this appeal. The cost approach, based on characteristics of the property, depreciation, year built, and square footage, in no specific order of significance, resulted in an estimated improvement value of \$2,305,872 and land value of \$200,000. The estimated true and full value for this parcel using the cost approach is \$2,505,872, which is higher than the county approved true and full value of \$2,223,500.

In both the sales and cost approaches to value, the total value exceeds the approved true and full value; therefore, no change is recommended.

Proposal for Review: No action required.