

Staff Report for 2025 State Board of Equalization

File No.: 2025-REPORT-SARGENT-MCLAEN

Prepared By: Property Tax Division

County or City: SARGENT COUNTY

Appellant: STEVE MCLAEN

Type of Appeal: CLASSIFICATION

Appeal Issue: Steve McLaen, representing the parcel owners, is appealing the residential classification and assessed true and full valuation of \$300,400 on parcel 18-5406000 located at 9859 130 Ave SE, Forman, ND. He asserts that the property has always been used as a farm and is virgin pastureland, the residence is uninhabitable, and that the buildings are used to store farm equipment and tools.

Analysis: Property Tax Division staff toured the property residence and farm buildings with the owners, Steve Klefstad and Janelle McLaen, on August 21, 2025. The owners of the property believe their land is overvalued, such that it is among the highest valued land within Taylor Township in Sargent County, ND. Sargent County utilizes soil type and classification information based upon a detailed soil survey, and approved modifiers, for calculating agricultural land valuations. Property Tax Division staff reviewed agricultural parcel data from Taylor Township and found that the appellant's parcel falls within the bottom fifteen percent based upon agricultural land values and land value per acre. Staff believe the assessed agricultural land valuation is reasonable and appropriate based upon soil types and applied modifiers.

The owners believe the residence and three farm buildings should not be taxed as they have been farm-exempt for decades. The last residence occupant was a farmer/rancher who occupied the home from 1967 through 2020, though not the owner of the property. The Sargent County tax director sent one of the property owners, Steve Klefstad, the farm residence exemption application multiple times, but they were not returned.

North Dakota Century Code § 57-02-08(15)(b) defines a farmer as, "an individual who normally devotes the major portion of time to the activities of producing products of the soil, with the exception of marijuana grown under chapter 19-24.1; poultry; livestock; or dairy farming in such products' unmanufactured state and has received annual gross income from farming activities which is sixty-six percent or more of annual gross income, including gross income of a spouse if married, during any of the two preceding calendar years."

The property tax director was told the property was no longer farm use and there was no farm residence exemption application completed and returned, she notified Steve Klefstad that the property would be valued and placed on the county tax rolls.

During the April 16, 2025, Taylor Township Board of Equalization meeting, the township commissioners moved and approved that the farm residence and three farm buildings stay as farm exempt and be removed from the tax rolls. This decision was made in error since there was no farm residence application on file, nor a statement of farm gross income showing the owner qualifies as a farmer.

At the June 3, 2025, Sargent County Board of Equalization meeting, the Sargent County Tax Director requested this parcel be placed on the tax rolls as no farm residence exemption application had been received. After comments were received by Steve McLaen, the commissioners chose to not make a motion on this parcel until they had time to review century code. The board chose to recess until June 10, 2025. After this meeting the Sargent County Tax Director mailed the farm residence exemption application to the taxpayer of record and name on the deed transferring ownership, Steve Klefstad. Steve Klefstad contacted the tax director stating he would not return the application as the property was no longer a farm.

During the June 10, 2025, County Board of Equalization meeting beginning at 8:00 AM, additional family members spoke to the board in protest of the residence and farm buildings being placed on the tax rolls. The county commissioners voted 3-1 to leave the buildings and residence on the tax rolls as recommended by the county tax director. The board then recessed until 7:00 PM. When the meeting was reconvened, public input continued, then the board voted to deny all residential property recommendations brought forth by the county tax director and to "send everything to the state for their determination."

Steve Klefstad submitted a completed farm residence exemption application to the tax director, dated June 10, 2025, which the tax director denied due to Steve Klefstad's statement that the property was no longer going to be a farm and that they were planning to file an application to designate the home as a historical site.

A vacant residence is eligible for exemption if, at the time it was last occupied or used, it was exempt as a farmer's residence or as part of a farm plant. A vacant residence becomes ineligible for exemption upon non-qualifying occupation or use.

Summary of Findings: Upon review of all information submitted by Steve McLaen, Sargent County Tax Director, Lajuana Hayen, and research conducted by Property Tax Division staff, the appellant's agricultural land value is equitably valued with other parcels within the township. The residence's last use was a farm residence, and it has remained a vacant farm residence.

Proposal for Board Review: Direct Sargent County to remove the vacant farm residence and farm buildings from the tax rolls with the farm residence application now on file.
