

BOARD OF EQUALIZATION
CITY OF DICKINSON, NORTH DAKOTA
APRIL 11, 2023

Pursuant to due call and notice, with notice of publication in the Dickinson Press, the Board of Equalization met in compliance with North Dakota State Law. The meeting was held on April 11, 2023 commencing at 4:30 pm, in City Hall located at 38 1st Street West.

1. CALL TO ORDER

President Scott Decker called the meeting to order at 4:30pm and directed that a copy of the published notice be included as part of the minutes.

2. PLEDGE OF ALLEGIANCE

ROLL CALL

Present: President Scott Decker, Commissioners: Suzi Sobolik, Jason Fridrich, Robert Baer, John Odermann

Also Present: City Assessor Joe Hirschfeld, Deputy City Administrator Linda Carlson, City Administrator Dustin Dassinger and City Attorney Christina Wenko

3. City Assessor Mr. Hirschfeld reported the assessment roll has been completed.

4. ASSESSOR'S REPORT

Mr. Hirschfeld reports the Mill Levy Rates for the City of Dickinson in a slide show and compares Dickinson rates with other cities in North Dakota. Mr. Hirschfeld explains the property types as % of parcels, 68% are residential, 29% commercial and 3% exempt and explains the value that each property type provides to the city. President Decker calls for any questions. President Decker asks when looking at condos are they classified as residential? Mr. Hirschfeld states that condominiums are classified as both residential and commercial due to the form of ownership via shared lands. President Decker asks if empty lots in a subdivision are classified as residential or commercial? Mr. Hirschfeld replies that all vacant lots per North Dakota law are taxed as commercial, but the assessing department internally separates them by if they would be built as commercial or residential based on location. Mr. Fridrich asks how the assessing department determines the market value of a property? Mr. Hirschfeld states the assessing department determines Market Value through CAMAvision which is cost based and looks at age, quality of the building and materials that make up the property. It also takes into account the location of the property and the land values. Mr. Fridrich states according to TAXND.gov, market value is defined as "what real property would sell for in the current market".

Mr. Hirschfeld states we collect all the information from the sale and also look at all the sales that have occurred, that is how we set depreciation scales on what that property would likely sell for. But buyers' intentions and desirability could change the price higher or lower. We look at the ratio of assessed value to sale price and the median in the middle has to fall within our 90-100% range.

Mr. Fridrich asks if a current sale within a year could be assessed as more or less than what it sold for?

Mr. Hirschfeld states a lot of factors can go into that, such as the time of the sale, the last time the property was re-evaluated and if the property record card is correct.

Mr. Fridrich asks why wouldn't the current sale be enough to determine what the market value is since it sold for that price.

Mr. Hirschfeld states on that date, with a willing buyer and a willing seller both in being knowledgeable and acting in both their best interest. That would maybe be the best price on that date. We're required to review the entire years' worth of sales, not just a short time, or to trend sales in case of a changing economy.

Mr. Baer asks the difference in assessing duplexes, condos and fourplexes. Mr. Hirschfeld the State of ND states that a multi-family that is 3 units or more is considered residential, 4 units or more is considered commercial. President Decker asks whether condos are separately owned, separately titled parties. Mr. Hirschfeld states they share a common area. President Decker asks why every condo in the city went down in price in valuation as the rest of the homes went up in 6.5% Mr. Hirschfeld states all the condos received the same 6% or 10% to structure that every property received. Condos as a subset were in excess of the 100% limit. We re-evaluated condos and found inconsistency on how condos were assessed. In doing so that resulted in a decrease in their value. They are now down in-between the 90-100%, they're still slightly higher than everyone else but they are now in tolerance. President Decker asks for any other questions.

Mr. Odermann states you can have one house with an assessed value at \$450,000 but one down the street that isn't as nice can be on the market for \$500,000, can you put the \$450,000 house on the market and list it for \$550,000?

Mr. Hirschfeld states the market is not perfect. If we've been through both properties, the price should reflect the quality and condition of the house to get that separation. Unless there's other outside factors that come into play such as electrical lines or underground pipelines.

Mr. Fridrich asks about inspecting two similar houses, what is meant by differences of quality, and what would be an example? If you walk into one house that's the same plan as the other and one has Quartz countertops, that's a difference of \$3,000. How much does that affect the value and would you consider one much higher-grade cause of the Quartz countertops?

Mr. Hirschfeld states there's a lot of things that go into that such as the quality of materials. If the materials extend to all counter tops or just the one room. It can affect the quality grade, even if it's the same floor plan.

Mr. Fridrich asks if the appraisers are trained enough to know the difference in cost and quality of custom vs stock. Mr. Hirschfeld verifies that they are and the Vanguard system is a cost-based system. Mr. Fridrich asks if there's two houses with the same floor plan but different finishes and sell for the same price. Will one be assessed for a lower price? Mr. Hirschfeld states they're different quality houses so they won't have the same assessed value.

Present Decker states that's what the market says they are worth. Mr. Hirschfeld states the market changes over the 12-month period.

Mr. Hirschfeld reports the true and full values for the City of Dickinson for the year 2023. Commercial values are \$1,104,346,420. Unchanged from 2022. Residential values are \$1,733,954,700. Up from 1.6 billion last year. The total 2023 valuation of the city is \$2,838,301,120. Up from \$2,699,758,428 last year. New commercial construction had an increase of \$7,541,500, down from \$17,831,300 for 2022. Residential new construction increased to \$31,786,800 from \$2,457,800 due to some townhouses being split into condos taking them from commercial to residential. Total of new construction for 2023 is \$39,328,300. Taxable valuation is \$133,245,283, 5% increase from last year at \$127,012,209. Value of new construction is \$805,315 with no change of mills that would add additional value through property taxes. Commercial sales had a median ratio of 92%. Residential sales had a median ratio of 86.7% which resulted in the requirement to increase values 10% to structure or 6% overall value. After adjustments, Commercial is at 92.2% and Residential at 92.6%, making both in tolerance.

5. BOARD OF EQUALIZATION

6. DURING THE SESSION

President Decker proceeds to the phone call ins. Mr. Kennet is representing Walmart's home office. Mr. Kennet is asking for an appeal of the 2023 assessment of Walmart for the city of Dickinson. The assessment of the Walmart property is \$21,641,800 which is roughly \$97.20/sf. Mr. Kennet is requesting an altered assessment of \$18,800,000 or \$84.50/sf due to sales indication of value. Mr. Kennet has provided the commissioners a packet with an assessment of the Walmart's in North Dakota from Marshall & Swift. It includes the cost approaches and equity grades of other Walmart's in North Dakota. There was no difference in the land value according to the packet. The difference comes in according to improvements.

Mr. Kennet presents the property as a 17-year-old store, 13 years for numbers sake, adding in anything not accounted for base cost. Marshall & Swift is based on area code and they apply a multiplier to estimate what local costs differences would be. Depreciation value at 22% is \$18,740,000 in accordance with other factors of the property and like sales. Walmart's properties in 2023 had a range of \$55/sf- \$102/sf. Similar stores in size and age average at \$84/sf. A market value of \$18,800,000 to \$19,000,000 is more accurate to what this property would bring. President Decker asks why Williston was left out of the comparison? Mr. Kennet states that they are under petition as well for 2023, without knowing the result of that hearing, he didn't find it appropriate to include in the comparison. President Decker states Williston should've been included due to similar qualities.

Mr. Hirschfeld states the big difference with Marshall & Swift is that it tries to mimic the cost, but they struggle with local multipliers and depreciations due to the higher cost of Dickinson. Our recommendation is to leave the assessment as it is since Dickinson is doing a commercial re-evaluation for next year's values.

President Decker asks for any other questions. President Decker states the council's options are to take the proposal or adjust the value to what they see fit.

MOTION BY: Jason Fridrich

SECONDED BY: Dr. Robert Baer

With a full commercial revaluation coming up, to deny any changes.

DISPOSITION: Roll call vote... Aye 4, Nay 0

Motion Declared, duly passed

President Decker asks for any members of the public to come forward if present. Daniel Duletski comes forward and presents a folder of information to the commissioners, including a summary of his property and concerns about the assessment process. Mr. Duletski highlighted that recently purchased homes have seen a massive rise in property values compared to those that haven't been sold. He presented 35 different properties in Dickinson that have changed ownership in 2020 and showed how some houses have received a 50% increase in home valuation since being sold. Duletski argued that homebuyers are un-uniformly assessed and taxed in comparison to homes that haven't been sold, leading to unbalanced taxation and non-uniform valuations. He requested the council to recognize that the assessment process does not render uniform taxation and that it unfairly targets homebuyers. The commissioners shared similar concerns and agreed that the city needs the staff to bring all properties to the correct home value. Mr. Hirschfeld explained that due to state law, any reductions in property value only last one year. Mr. Baer voiced concern about potential higher assessments for new citizens. The council discussed Mr. Duletski's request for a reduced home value. Mr. Hirschfeld noted the assessing department's progress in reassessing the city and the importance of correcting older neighborhoods' property records. The council ultimately decided to grant Mr. Duletski a 6.5% increase off the value granted last year or adjust it based on the sales price listed.

MOTION BY: Jason Fridrich

SECONDED BY: Suzi Sobolik

Adjust valuation of Mr. Duletski's property at 1300 West High Street with an assessed value of \$675,900 to \$660,300.

DISPOSITION: Roll call vote... Aye 4, Nay 0

Motion declared duly passed

7. ADDING PROPERTY TO THE ASSESSMENT LIST

Mr. Hirschfeld states we do not have any properties that need to be added.

8. No reduction will happen after session of Board per ND Century Code (NDCC 57-11-06)

9. REAL ESTATE PROPERTY TAX EXEMPTIONS

Mr. Hirschfeld confirms the LIST OF 2023 Real Estate Property Exemptions

MOTION BY: Suzi Sobolik

SECONDED BY: Jason Fridrich

To approve the 2023 Real Estate Property Exemptions

DISPOSITION: Roll call vote... Aye 4, Nay 0
Motion declared duly passed

10. ADJOURNMENT

With no other items on the agenda President Decker asks for a motion for adjournment.

MOTION BY: Suzi Sobolik

SECONDED BY: Jason Fridrich

Adjournment of the meeting having completed equalization at 6:18pm.

DISPOSITION: Motion carried unanimously

OFFICIAL MINUTES PREPARED BY:

Andraia Schwan, Property Appraiser Tech

Dustin Dassinger, Interim City Administrator

Scott Decker, President

Board of City Commissioners

Date: _____