
The Mandan Board of Equalization met in regular session at 5:30 p.m. on April 30, 2013 in the Ed “Bosh” Froehlich Room at City Hall. Present were Commissioners Van Beek, Rohr, Tibke, Frank and Braun. Also present were Finance Director Welch, City Attorney Brown, City Administrator Neubauer, Building Official Lalim, City Assessor Barta and Assessor Shaw.

Mayor Van Beek requested City Assessor Barta to proceed with the Presentation.

PRESENTATION OF THE BOARD OF EQUALIZATION DOCUMENTATION DATA:

Richard Barta, City Assessor, presented the Mandan Board of Equalization Report for 2013, summarized as follows:

- The 2013 assessment roll total market value is \$1,113,379,800.00;
- The increase for 2012 was \$110,621,600.00 or a 10.07% increase;
- New construction contributed \$56,787,060.00 million; existing property values contributed \$1,056,592,740.00. The balance is attributed to pro-rations, abatements and changes in assessments;
- Existing commercial properties saw an average increase of 14.71% and existing residential properties saw an average increase of 6.8%. Adjustments have been made to many individual properties within all classes of real estate based on the market value as it is today along with several other factors such as size of the home, etc.;
- There were a total of 328 street appraisals completed. As of April 30, 2013, there were approximately 300 parcels that were not completed.

Assessor Barta reviewed the following numbers - and provided comparisons back to the 2010 statistics on record. The following are the 2013 figures:

- ~ Commercial Properties:
 - \$336,803,585.00 = True and Full value 2013 for commercial buildings
 - True and Full value less exemption: \$253,352,356.00
- ~ Residential Properties:
 - \$898,817,115.00 = True and Full value 2013 for residential structures
 - True and Full value less exemption: \$859,822,595.00
- ~ Total before exemptions: \$1,237,856,400.00
- ~ Total after exemptions: \$1,113,379,800.00
- ~ Total parcels = 7,789
- ~ Residential Exempted Values: \$38,994,520.00
- ~ Commercial Exempted Values: \$83,451,229.00
- ~ New Construction Values
 - Residential: \$35,531,860.00
 - Commercial: \$21,255,200.00
 - Total: \$56,787,060.00

Assessor Barta reviewed the exemptions allowed under state statute:

- Homestead Credit for Senior Citizens or Disabled Persons
- Blind
- Wheelchair
- Disabled Veterans Credit (50% or greater)
- Public Hospital
- Churches
- Cemeteries
- Nursing Home
- Non Profit Lodges/Organizations
- Public Schools
- City/County/State owned property
- New & Expanding Business
- Commercial Remodeling
- Residential Remodeling
- Renaissance Zone
- 2 year New Home Construction

2013 Completed Exemptions New Values added to the City of Mandan:

1. 73 - 2 yr. new home construction, structural value added \$14,207,700
2. 4 – Renaissance Zone, structural value added \$808,400
3. 25 – New Business, structural value added \$7,155,800
4. New Businesses Added in 2013:
 - a. Edgewood Vista Living – Market Value \$1,142,400
 - b. Shoal Loop Apartments – Market Value \$671,800
 - c. Lakewood Landing Nursing/Assisted Living – Market Value \$797,400
 - d. Walmart – Market Value \$5,216,900
 - e. Meadow Ridge Apartments – Market Value \$1,361,400

State of North Dakota Office of State Tax Commissioner 2012-2013 Ratio Adjustment Worksheet – is within the medians of 90-100%:

1. Commercial Sales: 95.3%
2. Residential Sales: 93.6%

Residential Assessments – Barta reviewed the Appraisal of Improved Property for 2013 document and explained how the sales-of-home-values are calculated. In summary, it was determined that \$138.04 is the value per sq. ft. using the program calculations.

Barta reviewed the figures on the New Construction increases:

1. Commercial Property increases Total = \$21,255,200.00
2. Residential Property increases Total = \$35,531,860.00
3. Total New Construction for land and structures is \$56,787,060
4. There were 14 new Subdivisions of 2012

Barta reviewed the 2012 Changes in Market Values Worksheet which showed a total increase of \$28,636,660.00.

Commissioner Frank had a question for Barta on Page 3 of the report. Regarding the listing of the true and full value of residential and commercial properties, (in particular commercial exemptions on structures totaling \$168 million), when there is an exemption such as that, that's the number that reflects the value that the City would be using to determine what the mill level will be - the taxes that will be collected. Barta concurred that is correct. The \$1.1 million, residential-commercial-farmland, is the number to be used to determine the mill levy. Commissioner Frank pointed out that in structure, 4.7% of the residential value is exempted and in commercial 30.6% of the structural value is available. Barta stated that in his role as City Assessor he has always felt that exempting certain properties has been important and in comparison, West Fargo has always used a lot of exemptions also. The exemption total includes properties owned by churches, city and state properties so the percentage is even smaller when looking at true exemptions.

Assessor Barta announced that there is a sign-up sheet being circulated for those who wish to have their property reviewed. If the reassessed value is not to the satisfaction of the property owner, they will be invited to the next City Commission meeting to challenge the reassessment.

Mayor Van Beek invited members of the public to come forward to speak.

Jim Engelhardt, Mandan resident came forward to speak. He questioned how the home values are determined in comparison to the sales price of the home. He gave examples of a purchase price of a \$300,000 home but yet the taxable value was set at \$220,000. Barta replied that the Sales Ratio he explained earlier - in that in 2012 the state changed to sales ratio from 95% to 100% – and in 2012 they allowed the City to go from 90% to 100%. He stated that last year Mandan was close to the 91% or roughly a 9% value reduction, however, every home is different in its value. Mayor Van Beek directed Assessor Barta to contact Mr. Engelhardt at a later time to resolve the concerns he brought forward.

Roland Wiedrich, Mandan resident came forward to speak. His concern was that his property tax value went up \$81,400 and the increase was \$1,600 in taxes which equates out to about 30%. He questioned how a homeowner is to budget for an increase such as that? He inquired as to the limit as to how much the value can increase in a one year period. Will he see that same increase one year from now? Barta replied that Wiedrich did get an exemption for his basement being damaged during the flood and he probably did not get it for the following year. Barta encouraged Wiedrich to sign up on the list of property members who wish to be contacted for a re-assessment.

Butch Hohbein, Mandan resident, came forward to speak. He stated his concern was that when many of the homeowners in his neighborhood were doing a comparison from 2011 to 2012 tax valuation of those homes, there were losses from \$5,000 to \$20,000 in the valuation of their homes, however his property did not. He stated he does not understand why the homes in that area would have lost market value – referring to the homes on

Sweet Briar Road. Why? Barta replied that it would all depend on what was picked for sales. He explained the grading process which is selected by the computer program used. He stated that foreclosures are removed from this process.

Susan Beehler, Mandan resident came forward to speak stating that she lives on 14th Street Northwest. One question she had for Assessor Barta was related to churches and school properties being exempt. She asked what percentage of that commercial exempt list are school properties. What is that dollar amount? Barta said it is figured in that assessed value, and all the other years he has testified to that; but when he is asked for those numbers he says that those properties are not assessed. The state says it is not necessary to assess those properties so there is no record of any City, what their schools or churches are valued at. She does not understand why Barta can say there is a dollar value on there when he has not been able to give that value to her nor has any other City in the state of North Dakota been able to give her that dollar figure because it is not required by law to assess those properties. She requested clarification on that matter. She stated that Barta has explained that a computer program selects and calculates these computations. Her opinion is that a computer program is as good as the person that puts the information in or develops the program. She has stated in the past there are problems with the way Mandan determines the property values. She requested clarification of the mill levy process determination. She also mentioned that the City came into her home in 2011 to assess the property value and it went from \$124,000 down to \$115,000 because she has a corner lot property, but she claims she does not have a corner lot. She said her property value for 2012 went from \$124,000 up to \$150,000 but she does not understand why that occurred. She indicated that it is not a fair and equitable way to determine taxes.

Barta replied that 2 years ago the State requested the City of Mandan put property values on properties. At that time letters were sent out to different exempt properties and asked them to report what they are insuring them for and that is the value put on those exempt properties so that is the way that was determined. He will look into the issue about not being a corner lot. If there is no central air in her home that adjustment will be made.

Commissioner Frank inquired of Barta, if the exempt properties - who were contacted to provide their insured values for a basis for the value of those properties – if those values were included on Page 3 of the report under commercial properties of the \$1.2 trillion dollars true and full values for the City of Mandan? Barta replied yes, that if a property has an exemption on it, it will be part of the exemption clause.

Colleen Boehm came forward and stated she owns property in both Mandan and Bismarck. She indicated that the Mandan property is being taxed almost as much as the Bismarck rate. Her concern is that she does not receive the same services in Mandan that she receives in Bismarck when it comes to the quality of schools and park and the street maintenance services offered by Bismarck. She feels there is an improper value assessment of taxes to the property owners in Mandan.

Gene Boehm came forward to speak. He stated he sold his home in Mandan to his

children but he still resides in the home. His concern is that the street in front of this home has not been taken care of during the 44 years that he has lived there. He voiced concern that he has paid his taxes along with increases throughout the years; however, he does not feel the streets and property have been maintained well by the City.

Gary Gugel, a Mandan resident, came forward to speak. He stated he purchased his property in 1998 for \$43,000 and it went up about \$20,000 in tax base up until all these adjustments started happening. Last year it went up \$15,000 and \$30,000 this year. He stated that his property was rated last year from average to good. He did a few minor improvements such as painting, replaced screen doors, took out some trees and that moved him from average to good category. His concern is that when he applied for a Home Improvement loan, he was denied by the bank; however, the bank would give him a Renovation loan. His concern is that if he moves forward with additional updates to the home, will the City then move the home from a good to excellent level? His concern is that the bank(s) are on a different scale for borrowing/lending monies to homeowners that are not in line with the taxable value of homes in Mandan.

Doug Kaiser came forward to speak and stated that he has a concern with the recent notice he received from the City indicating that his home's value was increased by \$42,000, which indicates that since 2007 that would be an increase of over \$100,000 to the value of his home. He stated he understands the process of assessing valuations to properties; however, his concern for coming forward tonight is about the exemptions the City has been granting, in particular, Walmart. (The 6th wealthiest people in the United States.) He feels that he, along with other property owners in Mandan, are covering the taxes for that company which does not make sense. The point of the Tax Equalization is Mandan residents' taxes and home valuations are going up because of the need to collect money to feed City services, while at the same time the City is giving away tax exemptions. He encouraged the City Commission to re-examine the tax exemption policy because the current one is not fair to the property owners.

Debbie Holter a Mandan resident came forward to speak. She stated she has been a resident in Mandan all her life and also has a small business located in Mandan. She indicated that her home went up \$140,000 in value which equates out to a 50% increase. She requested a re-evaluation be done and Mr. Barta did that. According to the tax value her property value is \$30,000 more than the bank's appraisal of the property. Her situation is the reverse of other valuations discussed today, because her home is the oldest on her street yet it has been valued at \$30 - \$50 thousand more than others used as comparables. Her second concern brought forward, (a clerical error that she has attempted on several occasions to have corrected but has not been done yet), was that the original sales price of her home was \$40,700 too much. The home that her parents live in went up \$50,000. Neither her home nor her parent's home have had any updates since the 1980's. She questioned the reasons for the tax value increases. She outlined the credentials she holds with regard to her knowledge of tax laws and stated she has been an attorney for over 30 years in Mandan thus she pointed out that she is knowledgeable about how the taxing programs work and/or are supposed to work. She feels that the City of Mandan needs to change its programs. She feels there are problems with the way the

City looks at assessing property tax exemptions and how the City grants tax exemptions. She stated that it was not necessary to give Walmart the tax exemption because the company was going to come to Mandan regardless. She is of the opinion that residential (apartments) do not need to be given tax exemptions because housing is booming. She suggested discussions be held to resolve the issues regarding tax exemptions being granted where they do not need to be granted.

Mayor Van Beek asked for any further comments from the public. Hearing none, he asked for comments from the Commissioners.

Commissioner Frank commented that she does not agree with the comments made regarding the (unsatisfactory) services provided by the City of Mandan. She stated she would like to see the differentiation between Mandan and Bismarck. She stated that the Commission looks hard at the taxing of property owners in the residential areas of Mandan to make it fair and equitable for those residents. Hearing from residents tonight, it appears there are concerns with the increases in the property tax valuations. There was less concern about the “valuation” on the house, and she wonders if it is because the City is trying to play “catch-up” – wherein homeowners have experienced that and it is difficult to swallow but the valuation of the homes are more accurate in its reflection of the market rates right now. Market conditions are driving up valuation costs. She stated she would like to hear from the people who testified tonight if it is the increase that is difficult to swallow and/or if residents are dissatisfied with the overall valuation. She expressed a thank you to the homeowners for coming forward and indicated this conversation should continue and also stated there are some concerns the (Assessing) department needs to evaluate too.

Debbie Holter came forward and voiced concern about the valuations as presented by the banks. She said that you can pull up MLS and they will say anything you want them to say. Her concern is that she and other residents came forward tonight to voice their tax valuation problems. She believes Commissioner Frank ignored those problems during her comments. There are properties that are under-valued and properties that are over-valued. Holter stated that she and other attorneys in the area have experienced complaints from residents - and that it is frustrating for them to come to these meetings because the decisions are “rubber stamped” anyway. Holter agreed there needs to be additional conversations with the City and property owners to resolve these issues; however, she suggested that respect be given to each side.

Commissioner Rohr commented that he can understand the pain of the residents on this topic. He gave the example that he purchased apartments in 1990, for \$65,000 and now they are valued at \$220,000 and not to mention all the specials that have come about. All these things come in to play. There are many dimensions that go into property evaluations and he stated he has experienced, as a property owner, the same frustrations mentioned above.

Commissioner Tibke asked Assessor Barta how long he has been using that particular software program. Barta replied since 1979. He explained there have been upgrades to

the program. As he explained earlier there used to be five gradings for conditions and that has been expanded to ten. He said there were about 2,600 notices sent out this year and last year there were only 450 were sent because the State allowed going to the 90% valuation so there was a big increase in value but the housing market is changing.

City Assessor Barta recommended approval of the Board of Equalization Report as presented. He again announced that if any property owners including those not present at this time, wish to have a re-assessment, please contact the City Assessor's office. All re-assessments will be reviewed at the next City Commission meeting.

Commissioner Frank moved to approve the equalization assessments as determined by the City Assessor's Office as presented. Commissioner Tibke seconded the motion.

Commissioner Rohr encouraged anyone who was not able to be present to be given an opportunity to express their concerns. They are to contact the City Assessor's office to do so by June 7, 2013 in order to allow for any corrections to be made. Assessor Barta stated that the County Board of Equalization is scheduled to meet on June 11, 2013 at 6:00 p.m.

Roll call vote: Commissioner Braun: Yes; Commissioner Rohr: Yes; Commissioner Van Beek: Yes; Commissioner Tibke: Yes; Commissioner Frank: Yes. The motion passed.

There being no further action to come before the Board, Commissioner Frank moved to recess the City Board of Equalization meeting at 6:53 p.m. Commissioner Braun seconded the motion. The motion received unanimous approval of the members present.

/s/ Richard Barta

Richard Barta, City Assessor

/s/ Arlyn Van Beek

Mayor Arlyn Van Beek