
The Mandan Board of Equalization met in regular session at 7:00 p.m. on April 19, 2016 in the Ed “Bosh” Froehlich Room at City Hall. Commissioners present were Van Beek, Tibke, Rohr, Braun, and Laber. Also present were Finance Director Welch, City Attorney Brown, City Administrator Neubauer and City Assessor Shaw.

Mayor Van Beek called the meeting to order and invited Assessor Shaw to come forward to present the 2016 City of Mandan Board of Equalization Report.

City Assessor Shaw provided some history of the roles and responsibilities of the Assessing Department. She explained how the 7-year cycle process is used in which assessments are conducted. This does not mean that your property will be reappraised or that the property remains at the same value for that period of time. Rather that is the City Assessor’s process of conducting on-site visits by verifying that the data is accurate on each property. Each year there are zones designated for completion and any given zone can be added into the mix when sales from that area deem it necessary for accuracy. Data collections and analysis includes physical economics, governmental and social forces that affect value. Specific data consists principally of site and improvement data. Data is collected via costs, sales, and income & expense data is gathered through interviews or questionnaires.

The Assessing Department performs continuous reviews on property sales and current appraisals to determine if assessment values are in line with what properties are selling for on the open market. Market value is the most probable price that property should bring in a competitive and open market under all conditions requisite to a fair sale that includes both the buyer and seller contributions not affected by undue stimulus. Every year the ND State Tax Commissioner conducts a sales ratio study working with all jurisdictions to determine if required standards of equalization and uniformity are maintained within each jurisdiction. North Dakota is market driven in valuing their property. Only sales from the City of Mandan are used in the City of Mandan’s yearly sales review and market analysis. Sales ratio is defined as if the property tax is to be distributed fairly, the tax burden for local government or other taxing bodies’ mass appraisal must produce accurate appraisals and equitable assessments.

The primary tool used to measure mass appraisal performance is the ratio study. A ratio study compares appraised values to market values. Sales that do not represent open market are not used in a ratio study. The Assessor is required to assess at market value the residential and commercial sales. The Assessor uses the sales from the previous year to help assess the market value for the current year. Assessor Shaw explained the process of how it works when a property owner calls in with a request to have a review conducted on their property and she provided an example of the steps used in that process. She further explained how the assessment of land value is determined stating that there are two forms of land value, improved and unimproved, (which are the vacant lots). Unimproved is raw land. Vacant lots which are unimproved are the ones without streets, water, electrical, and sewer; which are selling in 2015 between \$25,000 and \$65,000 found in various areas of the city. The valuation and assessment of real property is all subject to taxation unless if it is exempted by law. Taxable value is used to determine the

tax rate for the property. Taxable value is 9% for residential and 10% for commercial and vacant land. The taxable value times the mill rate for the taxable rate owed for that property. Any resident can go to the Morton County website to see what they owe currently for property taxes, what their special assessment balance is, or look at their 5-year history. It goes from 2011 to 2015 and it gives the true and full value, the assessed value, the taxable value, the mill rates for each year, special assessments installment for that year and the total tax amount paid.

Any resident can go to any real estate website to look at properties in their neighborhood to get an idea of what the market is doing. The tax district must base its tax rate on the number of dollars raised from property taxes in the previous taxable year by the taxing district. Notice of public hearing will be mailed to the property owners if a greater property tax levy is being proposed by a taxing district. For the 10-year history of City of Mandan's valuations, they have increased from 2006 to 2015 but in return the mill levy has decreased from 2006 to 2015.

2016 Board of Equalization Report:

This 2016 annual report of the Mandan Assessing Division is a summary of the 2016 assessment roll. It will summarize what has happened in terms of real estate and appraisal activity of this department January through December 2015. The market value of taxable real property, property transfers, sales, new construction, expired exemptions and annexations are all combined to estimate a real property value tax base to which 2016 consolidated mill levy (not yet determined) will be applied.

Procedures of assessment and appraisal are conducted under guidance from the North Dakota State Tax Commissioner's Office, the North Dakota Century Code and nationally recognized standards of mass appraisal of real property. North Dakota law requires assessors to value or appraise property at true and full value as of February 1 of each year. Any changes in value that the Local, County or State Boards of Equalization may make will be reflected in the final assessment. The 2016 assessment roll total market value after exemptions is \$1,754,778,000. Of this increase, new construction contributed \$64,041,300. This includes all aspects of construction.

An extensive review of existing properties indicated that an update in market values was needed to accurately reflect Mandan's increasing market. The increase for residential properties was \$105,053,200 or 9.4%. The review indicated that existing commercial properties saw an overall increase of \$66,315,800 or 23.3%. Vacant land values saw an increase of \$13,037,800 or 29%. Ag lands value decreased by \$235,100 due to re-classifying several parcels to vacant lands. Adjustments have been made on individual properties within all classes of real estate. The City of Mandan has a total parcel count of 8,682 parcels. The City Assessor Office sent out 2,700 notices of increase this year, which was half the amount sent out for 2015, but an average number in past years. Of those we had several dozen phone calls, making adjustments and reassessing properties as warranted.

If any property owner has a question regarding the value of their property, please print your name and best phone number to reach you at on the sign-up sheet and we will

contact you within the next few weeks to review your property, and make adjustments as warranted. If adjustments are warranted we will submit the changes to the Morton County Board of Equalization at the June 9, 2016 meeting at 5:30 p.m. at the Morton County Courthouse.

True and Full Values Before Exemptions:

	2015	2016
Residential	\$1,160,221,859	\$1,292,422,600
Commercial	\$ 436,941,886	\$ 542,480,500
Total	\$1,597,163,745	\$1,834,903,100

True and Full Values After Exemptions:

	2015	2016
Residential	\$1,136,316,700	\$1,272,842,900
Commercial	\$ 369,959,600	\$ 481,881,500
Total	\$1,506,276,300	\$1,754,724,400

Non-Discretionary Exemptions: (Absolute Exemption: absolutely exempt from all process, levy or sale: NDCC 28-22-02 & 40-01-07):

Public Hospitals

Churches

Cemeteries

Nursing Homes

Non Profit Lodges/Organizations (Moose & Eagles are at 50% taxable value \$633,300)

Public Schools

City/County/State owned property

Utilities & Northern Pacific

Total of Fully Exempt Properties: 830

Discretionary Exemptions: (Left to or regulated by one's own discretion or judgment.

Voted on & approved by City Commission as offered to the public. NDCC 57-02):

New & Expanding Business = 18 = \$42,155,500 (Still active prior to change)

Commercial Remodeling = 13 = \$3,012,100

Residential Remodeling = 26 = \$1,228,800

Renaissance Zone Total = 14 = \$14,798,100

2 year New Home Construction = 204 = \$15,300,000

Blind (Up to \$160,000) = 11 Total = \$1,587,300

Wheelchair (Up to \$100,000) = 13 Total = \$1,463,600

Total: 299

Total Exempted: \$79,545,400

Exempted Values:

	2015	2016
Residential	\$23,905,159	\$19,579,700
Commercial	\$66,982,286	\$59,965,700
Total	\$90,887,445	\$79,545,400

Two (2) Credits Offered Reimbursed by the State:

Homestead Credit (206 active applicants). The homestead property tax is a North Dakota property tax credit that reduces the property taxes of eligible individuals. Eligibility requirements: Individuals who are 65 years of age or older, or individuals who are permanently and totally disabled and if your income is \$42,000 or less per year.

Disabled Veteran Property Tax Credit (106 active applicants). Enacted in 2009 by the ND State Legislature the disabled veterans credit is a property tax credit that is available to veterans of the U.S. Armed Forces with a disability of 50% or greater.

Please contact the Assessing Department for information on the ND state offered credits.

New Construction Increases Breakdown 2016:

These are total values that are added on the taxable valuations:

COMMERCIAL PROPERTY

LAND: \$ 3,961,100
 STRUCTURES: \$28,607,200
 TOTAL: \$32,568,300

RESIDENTIAL PROPERTY

LAND: \$ 4,880,800
 STRUCTURES: \$26,592,200
 TOTALS: \$31,473,000

New Construction Values

	2012	2013	2014	2015	2016
Residential	\$15,577,600	\$35,531,860	\$63,075,800	\$34,224,000	\$31,473,000
Commercial	\$13,149,000	\$21,255,200	\$31,016,740	\$51,612,200	\$32,568,300
Total	\$28,726,600	\$56,787,060	\$94,092,540	\$85,836,200	\$64,041,300

2016 Completed Exemptions/New Values Added to the City of Mandan

2 YEAR NEW HOME CONSTRUCTION EXEMPTION:

TOTAL: 140 Completed
 STRUCTURAL VALUE ADDED: \$10,500,000

RENAISSANCE ZONE EXEMPTION:

TOTAL: 3 Completed
 STRUCTURAL VALUE ADDED: \$915,900

NEW BUSINESS EXEMPTION:

TOTAL: 5 Completed
 STRUCTURAL VALUE ADDED: \$25,601,100

Walmart did receive a 2-year tax exemption at 100% and for 2016 their exemption is now completed and they are fully on the tax roll.

Assessor Shaw explained the City of Mandan Sales Ratio Map Area Strata for 2016. The final Sales Ratio for Commercial is 100.0% and the final Sales Ratio for Residential is 91.1%. During 2015, the City Board of Equalization, the County Board of Equalization (BOE) made adjustments to the 2015 Mandan property values due to several vacant commercial lots had been classified erroneously as residential property during the software conversion, so corrections were made and that pushed the final commercial sales ratio to 108.5% which was above the 100% maximum and for this reason the County Tax Director recommended a decrease for commercial structure values of 15% for 2015. With the commercial sales study for 2015 we added the 15% value back on to those properties and then we still had to add additional overall 8.3% increase to the commercial properties to bring them to 100%. There are commercial properties that had received an increase higher than the average 23%-25% increase over last year's evaluations. We did a complete reappraisal process in 2015 that was started in 2014 and we are officially submitting those findings for the 2016 assessment year to be 100% in compliance with the ND Tax Commissioner's Office and the Board of Equalization.

Assessor Shaw reviewed the City Mill Levy and indicated where Mandan sits as far as the Mill levy - City Mill Levy Tax Year 2015

Williston	157.92
Dickinson	194.54
Bismarck	214.37
Minot	237.11
Mandan	246.18
Fargo	279.24
West Fargo	279.66
Valley City	281.79
Jamestown	288.92
Devils Lake	296.53
Grand Forks	301.91
Wahpeton	349.77

The Mandan Assessing Division respectfully recommends that the assessment roll be approved as submitted. Should anyone appear before the Board to protest an assessment in the 2016 report, the Mandan Assessing Division will employ the abatement process pursuant to the State law.

Assessor Shaw indicated that if there are questions, citizens can contact her at the City Assessor's Office at (701) 667-3232. She stated that if there are residents who wish to have their property assessed they are to sign up on the sign-up sheets that are currently being passed around. The Assessor's Office will be in touch with them.

Mayor Van Beek stated that anyone coming forward at this time should state their name for the record and sign the sign-up sheet also. This is a reminder that the first step is to make contact with the Assessor's Department to review and make sure all data on record is accurate. Since there are several people wishing to come forward to speak tonight, a 3 minute time limit will be allowed in order to give everyone a chance to speak.

Mayor Van Beek opened the floor for comments.

Al Knutson came forward and stated that he has lived here for 3 years. The evaluation on the home in 2012 was \$408,000, the same in 2013, \$427,000 in 2014, \$375,000 in 2015, and now just received a \$75,000 increase in evaluation. He referred to Assessor Shaw's 13 sheets of \$200,000 homes that are not relative to their homes. He has three houses within seven homes of him that just sold for probably right in that \$330,000 to \$370,000 range. They are all very comparable to his. He has signed the sign-up sheet.

Susan Beehler came forward and stated she has lived in Mandan since 1992. She was one of the members of the group that tried to abolish property taxes. She stated that it is her opinion that Shirley Shaw has done an excellent job and is transparent with the Tax Department information. She stated she appreciates that the City provides brochures in the water bills with regard to property taxes. She charged the City Commission with keeping the equalization process local. That was one of the things that came up in that campaign to abolish property taxes. We have heard from time and time again that the state has said that we have to be under a certain sales ratio and that there are certain properties that are exempt no matter what. As a City Commission there are properties at your discretion to exempt. Her comments include that "our" market is not fully driven by "the" market, it's also being tampered with by our government. She talked about the mass assessments versus our own assessments which we really don't follow when discussing property taxes as can be seen by houses now being sold for less.

Ms. Beehler stated that the goal of property tax is to produce accurate and equitable taxes. She would like to address the equitable part. It seems the commercial properties in the city are getting a larger percent of exemptions. Yet the residential is the majority of the property taxpayers. There is a discrepancy of 4 properties between what Assessor Shaw refers to as to what was published in the Messenger. If everyone paid their fair share at \$500 we would collect \$4,339,000. Per the brochure that was sent out, if we go by 10% of what the revenues are, we are collecting only \$3 million, according to the brochure. She questioned the discrepancy and where the equity comes in. The state is dictating that due to their requirements. Her question is: "My house is showing an increase in value over the 10% mark so, in order to keep the property taxes the same, how many mills would the city have to come down? So, how many mills would you have to reduce your budget by in order to keep our property tax at a level that is not increasing by more than our paycheck?" We do not see a 10-20% increase in pay so a 3% would probably be more reasonable.

Page Larson came forward and stated that he has 2 different properties. One is a rental property in downtown that is commercial and within the last year and then this year; it has gone up over 206%. Our income is driven solely on the money we make off those rentals. If he was to raise rent 206% the people would be fleeing out of there. He gave examples of other residents who received huge valuation increases last year. He said that these are huge increases. Bismarck and Mandan are support cities, but the market is not here anymore due to the oil industry going down. But the prices keep going up. He has another property that went up 46% in the last 2 years.

Assessor Shaw had a clarification on something Mr. Larson said. The property owner that complained last year that received a 300% increase in his valuation was on a vacant lot that went from \$2,000 to \$5,000 which would account for the large increase. That will go to all of the vacant lands that were undervalued according to what they are selling for. So those adjustments have to be made accordingly to be fair and equitable. Another re-assessment was done and adjustments were made. When requested, she stated that the Assessor Office will do reevaluations according to sales. The 2016 sales market will not be reflected until 2017 when they have collected the whole year's sales data. So they are always a year behind in the evaluations as far as what the market does because they use the prior year sales for the current year's values. That's according to the ND state law.

Eileen Ereth came forward and stated that her property was newly annexed. She referred to the lots stating that in 2015 each lot had a value of \$5,000 and now each lot is \$10,000. It says the reason for increase is sales market increase. She cannot sell those lots. There is no water, sewer, nor fire services. She questioned why they are that high.

Joel Newgard, 400 Division Street Northeast, came forward and stated that his property went up approximately 21%. He objects to that because he's talked to a number of commercial real estate agents who said that in 2015 the property has gone flat. They indicated that there should be zero change if any change. He also questioned the information in the Property Tax brochure regarding the fact that it shows Williston and Dickinson having lower property taxes than we do. They have been in the oil boom for many years. How can their property taxes be lower than ours if the State says we have to follow these rules? Assessor Shaw responded that if you look on the graph of cities, it shows the tax evaluation and population for Williston as compared to Mandan. So their taxable evaluation is higher. Their city mills are lower than Mandan or of any other of the cities listed.

Julie Haibeck came forward and stated she is voicing concern with her brother for their mother's property and also her husband's property, the Scooter Shack on the Strip, which went up a lot, too. She inquired what cuts the city is making in comparison to other governmental agencies making cuts. She asked what would happen if they increased their rental fees and the tenants move out. Where would the city get the money from then? In addition, as we get older, are the younger people going to do pay it? We have to look to the future and what we're leaving for those that take over the businesses. You need to give them a reason to stick around.

Commissioner Rohr commented that with regard to the cost of services that keep going up, part of the issue is the expectation from the citizens is to have more services such as police and fire protection services, better roads, and the inflationary costs when getting bids for projects and when oil goes up, everything goes up tremendously. During budget the key items are to maintain the level of services and the expectations of the citizens is a tough balancing act. The City has to make sure the property taxes are put to the best use to provide what citizens want for services.

Commissioner Laber stated that if anyone has an issue with a valuation and you have had a recent appraisal done you need to sign up and provide that to Assessor Shaw to review your property and adjust accordingly to state statute if need be.

Assessor Shaw indicated that she has a book that contradicts the information that the market for 2015 was at a standstill, or properties weren't selling. In our study, pre-existing homes sold at the highest rate. New construction homes did see a slowdown from our study, but it's all the existing homes that were selling at a higher increase. The market for 2015 has to be followed. She encouraged anyone to contact her for a review if they wish.

Susan Beehler commented that the City Commission has control over expenditures and the brochure indicates that between 2013 and 2015 expenditures went up 22%. Revenue went up 23% but the taxpayers did not get any of the revenue that came in. Sales tax can go for property tax relief and the city can lower tax rates by using that. The City can control that, not the county or park. This is comparing the brochures comparisons of 2013-2015.

Paul Keidel of the Keidel South Heart Terrace south of Mandan came forward to speak. He said he had 2 parcels that had tax increases, one on the south side of 19th Street that needs to be taken care of. On the north side, in 2007, the First Addition was annexed. Everything annexed there was plotted. Nothing was built until 2008 at which time the developer decided not to build on part of the property. Currently there is a drainage system that was developed into our property without us even knowing it. There is no drainage plan and there's no drainage plan developed by Toman Engineering. The whole addition was accepted by the City of Mandan. There are no services and there is no access. It is vacant land with a ravine down the middle of it. There is now a drainage channel to collect the water. There is no access to 19th Street and we have a \$92,000 assessment on that property for utilities going up 19th Street. He requested further discussion on this property.

Assessor Shaw stated that Mr. Keidel did call the Assessor's Office and it was reviewed and he is aware of that and the adjustments have been made.

Page Larson came forward again and asked if the Commission is aware of a large equipment company on Industrial Drive in which all the employees had to take a 10% pay cut? Due to the drop in the oil industry those employees had to take the pay cut. In regards to school taxes, he inquired if the City has considered dropping the school taxes for those over 60 or 65 when they retire?

Commissioner Tibke asked City Attorney Brown who would address that decision on dropping school taxes? Attorney Brown replied that Assessor Shaw said that our assessments are set according to the State of North Dakota and changes would have to come from the legislature not the local level. The School District could not exempt property because you are a certain age. That would be an action by the legislature.

Commissioner Tibke highly recommended contacting your legislative representative if you are interested in pursuing such action.

Erin Thomas stated she is present because her property taxes went up from \$290,000 to \$356,000 and Assessor Shaw stated she will come out to look at property and perhaps reassess accordingly for this year.

Mayor Van Beek asked for any further comments from the audience. A second invitation was extended to come forward to comment. Hearing none, this portion of the meeting was closed.

Commissioner Laber moved to accept the 2016 City of Mandan Board of Equalization Report and assessments as determined by the City Assessor's Office as presented. Commissioner Braun seconded the motion.

Mayor Van Beek encouraged anyone who would like a reassessment done or have a clarification on your assessment, to sign the sign-up sheet. He stated that before any changes can be made by the Commission, the property owners must make contact with the Assessor's Department for a full review. Any changes made after today will be submitted to the Morton County Tax Director's Office and added to the June 9, 2016 meeting to be held at 5:30 p.m. and the County Board of Equalization will make the final rulings.

Commissioner Tibke highly recommended contacting your legislative representative if you are interested in pursuing any action. It will have to be teamwork amongst the Commission and the taxpayer/resident.

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

There being no further action to come before the Board, Commissioner Braun moved to adjourn the City Board of Equalization meeting. Commissioner Laber seconded the motion. The motion received unanimous approval of the members present. The meeting adjourned at 8:00 p.m.

/s/ Shirley Shaw

Shirley Shaw,
City Assessor

/s/ Arlyn Van Beek

Arlyn Van Beek,
Mayor, Mandan Board of Equalization