

**City of Hazen
Board of Equalization
Meeting Minutes
April 8, 2014**

Board Members Present: Mark Nygard, Jerry Obenauer, Judy Brunmeier, Casey Stern & Nancy Wolf,

Staff Present: Assessor Steve Frovarp & Auditor Monte Erhardt

The meeting was called to order by Mr. Nygard at 6:00 PM CT. Mr. Nygard explained that valuations have increased statewide and if certain conditions are met the property owner is sent a notice. Mr. Nygard also explained that though valuations have increased this does not automatically increase the property tax to be levied. Mr. Nygard asked Assessor Frovarp to explain the process and Frovarp advised that the ND Century Code indicates that property within a taxing district is to be valued within 10% of market sales and that this year the city will see an adjustment in the values of all properties due to the increased sale prices and if values are not maintained as required the state can order an across the board increase on subject property. Frovarp also advised that a notice of increase is only sent to a property owner if the increase is \$3000 AND 10% more than the previous year and this year there were 985 notices sent out. Frovarp advised that land valuations were the major portion of the change in valuation as land should be roughly 15% of the sale price of the property. Mr. Nygard then opened the floor to comments. Wayne Hermes expressed concern of properties increasing in value in excess of 53% since Vanguard conducted the initial assessment. Mr. Nygard said there was a problem in previous assessments that were not equalized as well as they are now. Mr. Hermes then said it would be nice to see some type of development in the city. Ray Kruckenberg asked how the patio home units compare in value. Frovarp explained that with a mass appraisal there are more generalities and the program looks at sales and depreciation factors. Mr. Kruckenberg then asked about the purchase of the program from an out-of-state company and Mr. Nygard explained that this type of software is not available from a local provider. Mr. Kruckenberg also asked about the money spent on the RV Park and Mr. Nygard explained other than purchasing the property and some preliminary survey/design work there are currently no funds expended on that property. Mr. Stern said that nearly \$100,000 has been spent on the RV Park and that is not a small sum. Frovarp advised those present that there have been some significant changes to the Homestead Credit program that makes it easier to qualify. Frovarp, in response to a question, stated there were no major changes to commercial property values due to the limited number of sales. Frovarp was then asked if the commercial values could be assessed based on sales or sales tax and Frovarp stated this is not equalized as the difference in sales dollars from a coffee shop to a diamond store would be very great. Kim Langord said that when Vanguard came to his house and established a value there have been no changes to the interior of the home yet it continues to increase and he does not see the rural residences increasing as much. Mr. Kruckenberg asked if the patio homes all are valued the same and if they are not that is discrimination. Frovarp stated that even though they are under one roof there are differences in size and structure within that can make them a slightly different value. Ken Link asked about the equalization process and the fairness of it as some properties near his were not changing in value similarly. Frovarp explained that there was an error on the property information as to when two homes were built which would trigger some of the

depreciation values that are considered. Frovarp explained that these property errors have been corrected. Mr. Link was still concerned as to how many other such errors may be in the system and Mr. Nygard said there may be errors but the process is far less likely to have such errors. Mr. Link said the property owners need to be more aware of the value of their property and the changes to avoid errors like these. Frovarp explained that property owners can access the website to see pictures, floor diagrams and other property information to see if there may be errors. Steve Duewel asked if the city still expects mill levies to go down and what the city is doing to find additional funding sources. Mr. Nygard said he would like to see the city keep tax revenue neutral, if possible, and suggested contacting legislative representatives about such funding sources and Mr. Obenauer said the city is still seeking grant funds and other sources. Mr. Stern said he understood Mr. Langord's point about the rural property not seeming to increase and Frovarp advised that they are held to the same standard as the city in that values are supposed to within 10% of market sales. Mr. Stern then asked about values of homes in the older area of the city and if there is any consideration to location when looking at property value. Frovarp advised location is not as big of factor as people may think in that a home very near the railroad tracks will still have a value nearly the same as a similar home in another area of the city. Robert Jacobson asked if there is any type of maximum amount a home's value may increase and Frovarp advised it still goes back to state law and the sales information. Mr. Nygard said there is room for property tax reform and things probably can be done better. Mr. Langord asked if rental units are considered commercial or residential and Frovarp explained they are considered commercial. Mr. Nygard encouraged anyone with specific questions to contact Frovarp and to also keep an eye on city, school and county budget meetings when they are scheduled as these drive the mill levy. Les Miller had questions about the value of a property and he would like to meet with Frovarp. Mr. Link asked how the assessor gets the sales information as most deeds are indicating confidential and Frovarp advised that the last legislative session changed this and these are no longer confidential and are reported back to the county and are then available to the city. Frovarp also said that his earlier reference to the Homestead Credit program also applies to renters. Mr. Duewel would like to see the city continue to encourage developers to come into the city and Mr. Nygard said that Hazen Community Development has been very active in this regard. Mr. Obenauer moved to recess the equalization meeting until April 21, 2014 until the regular city commission meeting, second by Ms. Wolf. On roll call vote; Obenauer, "Aye", Wolf, "Aye", Stern, "Aye", Brunmeier, "Aye", Nygard, "Aye", motion carried.

There being no further business the meeting was recessed at 6:57 PM CT.

Mark Nygard
Chairman, Hazen Equalization Board

Monte J. Erhardt
City Auditor