

2009 SENATE FINANCE AND TAXATION

SB 2284

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2284

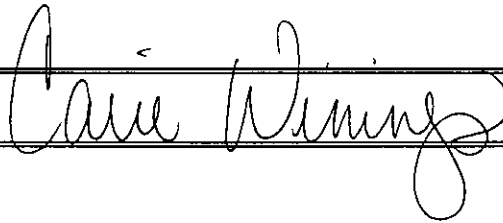
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 02/10/2009

Recorder Job Number: 9075

Committee Clerk Signature



Minutes:

Chairman Cook: Opened hearing on SB 2284.

Representative Glen Froseth, District 6: Testified as sponsor of the bill. I have made property tax relief a priority for my district this session. We should not tax people out of their property. This bill will address the high property tax valuation in recreational service district.

There are only a few in the state (lists them). Recreational districts are defined in the century code in 11-28-2. This bill would allow property in these areas to be assessed similarly to ag properties in the same area. Currently they are assessed at the same rate that residential property at 9% of assessed value. The taxes are driving people away from their property.

3.25 Chairman Cook: Can you give me that section of the code again?

Representative Froseth: 11-28-2. It was passed about 3 sessions ago.

Chairman Cook: I agree with you too on the property tax issue. What if we change recreational service district to all property?

Representative Froseth: That would be fine.

Senator Dotzenrod: Do you think the problem with the taxes being high is due to the fact of the higher level of service required to service that property or do you think that it is just being raised with other things for other reasons?

Rep. Froseth: I think it is mostly due to cost/sales ratios that are happening.

5.15 Senator Karen Krebsbach, District 40: Testified as sponsor of the bill. This will affect the recreational areas the most. Taxes need to be fair. There is a point that it needs to be reviewed. I think that something can be done. We don't want people driven out due to taxes.

7.16 Representative Bob Hunskor, District 6: Testified as sponsor of the bill. In representing my district, I have to say that it is important to recognize that the tax rates are escalating rapidly and pass legislation to help them stay in their homes.

8.50 Senator David O'Connell, District 6: Testified in support of the bill. I do not know what the answer to this problem is, but whatever you can do would be great.

9.54 Leonard McGuire, Roland Township: See Attachment #1 for testimony in support of the bill. Asked Bob Kornkven to explain the attachment. Want to be treated like agriculture.

Bob Kornkven, Roland Township Organizer: Appeared to testify and explain charts on attachment #1. The following questions were asked during testimony:

Chairman Cook: What is the current rate you are working from now?

Bob Kornkven: The sales ratio at the present time is 62% - have to go from that to 100%.

Chairman Cook: You are comparing property around lake to ag property?

Bob Kornkven: That is correct.

Senator Triplett: Commented that the problem is different than you are defining.

Vice Chairman Miller: Questioned on population in township.

31.35 Chairman Cook: Why do you not want to change how agriculture is taxed?

Bob Kornkven: I met a lot of opposition on that issue.

Chairman Cook: What would the percentage be?

Bob Kornkven: 54%

Chairman Cook: Do you think that is fair?

Bob Kornkven: I think that the way that sales ratio affects our area it is exaggerated.

Senator Hogue: Do you think that we should be treating the widow the same as a new resident builder the same? There are many types of property owners in the area and should we treat them all the same?

Bob Kornkven: Preferably we wouldn't. The law reads that way.

35.16 **Leonard McGuire:** See Attachment #2 for additional testimony presented. We have a dilemma and need someone to help us fix it.

39.30 **Chairman Cook:** What is your property on Lake Metigoshe appraised at?

Leonard McGuire: \$200,000

Chairman Cook: If there was a willing buyer, would you be a willing seller?

Leonard McGuire: I don't know.

Vice Chairman Miller: What is driving this whole thing?

Chairman Cook: People with money.

Leonard McGuire: People from all over the state.

Vice Chairman Miller: You are taxed for \$200,000 and if you sold it then could you sell it for that?

Leonard McGuire: Yes.

Vice Chairman Miller: Comment on selling for what it is valued for.

Jim Goetz, Property Owner at Lake Metigoshe: Testified in support of the bill. The property taxes have gone up drastically and it is not fair. We would like to see some relief.

44.18 **Suzanne Sund, Property Owner at Lake Metigoshe:** I am not a wealthy cabin owner. I do not understand a lot of this, but my grandfather built a cabin by hand at the lake and it was just a vacation cabin in the summer. My family ever since has enjoyed time at the lake in the summers. Today my daughter and I own a cabin together and paid a lot more for it than we

wanted, and then when we got our taxes we are not able to keep it at the rate the taxes are going up at this point. That is a place where we go to get family together and we are going to have that taken from us if something is not done. Please take a hard look at it and help us.

50.10 **Chairman Cook:** Any further testimony? (no)

Chairman Cook: I have some questions for Marcy. Is there an argument there, is there something there that you can think of as a fix for that, or are we looking at what the property is worth?

Marcy Dickerson, State Supervisor of Assessments: The idea is to look at what the property is worth. There is a great deal of disparity in the property assessments that I looked at. There always is. We did look at the properties that were sold at the higher prices and they were under assessed to a greater extent than the ones that were sold at the lower prices. If the ratio says that the ratio is to be raised by a certain percentage, it does mean that you increase the every parcel in the district that percentage. If you equalize property properly, than the percentage is not really equalization. You want everyone township to come out between 95% and 105% in residential values. That starts at the township level with the township assessor and township board, and then to the county.

Chairman Cook: Do you know who is doing the assessing up there?

Marcy Dickerson: I believe they have a township assessor.

Chairman Cook: Have you had any conversations with the assessor?

Marcy Dickerson: I have not. I have had conversations with the county tax director. Also in answer to Senator Triplett's question, the sales ratio study does show that the city of Bottineau and the other residential and commercial property in Bottineau are within the tolerance (95-105%). That does not mean that every parcel is.

53.33 **Marcy Dickerson:** One more point, there are other lakes with similar problems that don't have a recreational service district. They are not quite as steep as Lake Metigoshe.

Chairman Cook: Becoming a recreational district has to be initiated by whom?

Marcy Dickerson: That has to be approved by the county commissions, but it has to be initiated and requested by the residents who would be in that district.

Chairman Cook: I would assume that no county commission would give them that designation if it was?

Marcy Dickerson: That is possible. This could be a real problem later on with other lake areas that are manmade.

55.34 **Senator Dotzenrod:** I think in the Minnesota lake areas have recreational value, and the values are high. I think what Minnesota has done is if that is your primary residence, they have a statewide homestead credit, so that if you live around the lake and that is your only home and you claim that as a homestead you are given a large deduction on the taxes on the property. I know how that works, we don't have that in North Dakota, but do I understand that right?

Marcy Dickerson: Minnesota has homestead and non-homestead for all residential property as well as the lakeshore and on other residential property that is not recreational the homestead does get a tax break. They are still valued at market value but assessed at a different rate after market value is determined.

Chairman Cook: That is Minnesota's way of raping their neighbors. There have been constitutional questions on those laws in Minnesota.

Marcy Dickerson: They are still doing it whether it is unconstitutional or not.

Chairman Cook: Closed hearing on SB 2284.

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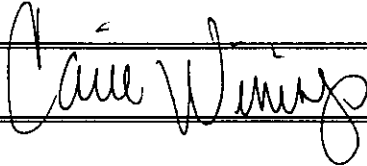
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 02/11/2009

Recorder Job Number: 9177

Committee Clerk Signature



Minutes:

Chairman Cook: Reopened discussion on SB 2284.

Discussion: A discussion occurred between the committee members about the fact that they all recognize that there is a problem not only at Lake Metigoshe but all around the state there is a problem. There was considerable discussion on whether or not their situation was unique.

Senator Hogue stated that he did think that it was unique and sited some of the figures given in previous testimony on a pie chart. Also, if it gets done, whether or not there will be a flood of others that will come after the very same thing. The point was also made that if we don't do it than it will become a playground for the wealthy. The point was also made that there are many manmade lake areas going in around the area and then the likely hood of those areas wanting the same thing would be out there. Other examples of areas in Montana and Minnesota were also given.

Chairman Cook: Decided to wait for Senator Triplett to vote on this one and suspended the discussion on the bill.

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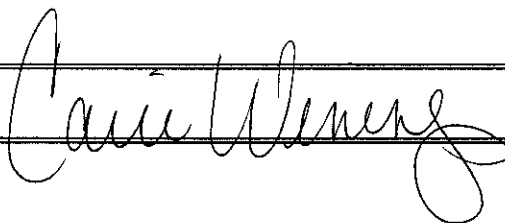
Senate Finance and Taxation Committee

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Hearing Date: 02/16/2009

Recorder Job Number: 9538

Committee Clerk Signature



Minutes:

Chairman Cook: Reopened discussion on SB 2284.

Senator Triplett: I will start by noting the obvious. This is a can of worms and if we open it I think we will be sorry. I think that we heard from Marcy Dickerson that there were a good number of other places in the state that have similar problems, but they are not recreation service districts. I think this does not solve the problem; it invites more people to come to the table. I feel bad for the ones that are being taxed out of their grandparent's lake cabins, but this is not the answer.

Senator Anderson: That says it all.

Vice Chairman Miller: Moved a Do Not Pass.

Senator Triplett: Seconded.

Chairman Cook: Discussion?

Senator Triplett: It troubles me to see the charts that these people produced for us and I have no reason to think that the charts are inaccurate; Showing that 850 properties around the lake completely overwhelm the city of Bottineau in terms of assessed valuation. There is something very very wrong going on in that county in terms of valuations of property within the city of Bottineau. It makes no sense at all. Assessment has been a local issue for a long time

and I know that some of you have worked to try and provide more oversight by the tax department so that we get equalization across the state, but there is something seriously wrong with the equalization process in that county if you can say that the parcels around the lake are worth many time more than all of the property within the city of Bottineau.

Chairman Cook: I don't know how many of you have taken the time to study what was called Proposition 13 in California, but really if that became because of some of the situations like this. That put a cap on property tax in dollars, it had a limit on how much you could escalate every year and then it was not reassessed based on its true market value until it switched hands. That solution creates a lot of issues upon itself.

Senator Dotzenrod: I am thinking about what Senator Triplett said. If you are on the main street of Bottineau and own a hardware store, I am guessing if you compared what you paid for the hardware store 20 to 30 years ago to what it is worth today, and you take a piece of property around Lake Metigoshe that you bought 20 to 30 years ago, they are not parallel situations.

Chairman Cook: One is inflating a lot faster than the other.

Senator Dotzenrod: It would be hard to sell that hardware store.

Chairman Cook: There is another bill over in the house that deals with this same issue. That one changes the formula for recreational property, instead of being assessed value times .9, it is assessed value times .5 I think.

Senator Hogue: I have to speak in support of the bill. I think the proponents of the bill have provided us with some pretty compelling evidence that they are being treated unfairly, and that the outlook for the next five years is that it is going to get worse. If their projections are right and the projections are based on the past history going back to 2002, they will be paying 49% of the taxes in Bottineau County; those 850 lake cabins. They probably occupy less than 1%

of the land area. It just seems to me that it is an equalization issue. You heard one of the township supervisors suggest that the Bottineau County commissioners are ag land owners and they don't own property up there so they are not as sensitive to the issue. I think it is the job of the legislature when we see this type of inequity, that we intercede. These people will never have the political clout to change this. They don't have any way to change the law at the state level. This is a gross unfairness.

Senator Triplett: I would challenge Senator Hogue to find a way to amend this bill if you feel that strongly about it. I feel some empathy for these people too. I just think this is the wrong way of doing it when it specifically calls out recreation service districts because as Marcy pointed out, there are a lot of other places around the state that the same thing is happening. I don't think that the way the bill is written doesn't fix the problem for everyone. We should be doing it in a systemic way for everybody. Maybe the House bill makes more sense. It also refers to recreational districts as well. Maybe local assessors need to have more training.

Chairman Cook: When it comes to local assessors, we have a policy in the state that all assessments are supposed to be uniform. You have over 1000 assessors and no chief in the law to see to it that they do it. The state tax department is responsible to train them but there is no way they can get them to follow the law. It just doesn't exist. Marcy Dickerson made some comments that apparently contradicted some comments that the local assessor has made to them and they have asked for a copy of that hearing so that if this contradiction continues they can play the tape and get all the parties at the table and resolve that issue. That involves when a piece of property sells high and it affects all the other property.

Senator Dotzenrod: I am trying to recall how we got this presented to us. As I understand it, the problem really isn't really the county commissioners and their attitude up there; it is more

the state is saying you have to be between that 95% and 105% within market value on the way the property is valued.

Chairman Cook: The state policy is 95% to 105% within market value, that is nowhere in code. That is a tax department policy.

Senator Anderson: I wish I could tell tax assessors what to do. It is a thankless job. I did write down what Marcy Dickerson said, and she said you don't have to raise each parcel by the same percent. That is not equalization. Some of these mom and pop ones don't have to be raised, but the ones that are really inflated and knocking down a \$100,000 piece of property to put up a million dollar home, they can be assessed at a much higher value.

Vice Chairman Miller: The folks took it upon themselves to make improvements, and when you start doing that the value goes up.

Senator Triplett: I think that is the issue though. Those who did that had the money to do that and they are not the ones complaining about the taxes. The ones who are complaining about the taxes are the ones who never did improve, but the assessors are saying that their property values are much higher even though they have done nothing to improve the place.

Senator Oehlke: It wasn't until that they became a recreational district that the property values increased. Some of the homes became desirable property because of the changes that made. Most of them are not from that area and don't have a voice to vote. It is hard to have too much sympathy because they also have a higher value in the location. They can sell it even though they don't want to.

Chairman Cook: Unfortunately this is not just Lake Metigoshe. Further comment?

Senator Triplett: I am willing to withdraw my motion to give Senator Hogue some time if he has any ideas as to put an amendment on this.

Senator Hogue: I can give it some thought. I would like to give Marcy Dickerson a call on this one.

Motions are removed from the floor.

Chairman Cook: Suspended discussion on SB 2284.

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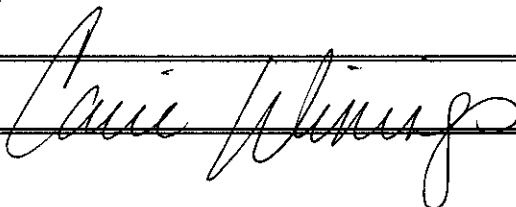
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 02/16/2009

Recorder Job Number: 9567

Committee Clerk Signature



Minutes:

Chairman Cook: Reopened discussion on SB 2284.

Senator Hogue: I did take the time to talk to Marcy Dickerson and she reiterated that the township assessors need to have additional insights into the process. She reviewed the Lake Metigoshe assessment process and the thing that was concerning to her that it seemed the assessor was under the impression if 5 or 6 lots went up 50 or 60% than all the lots needed to go up by a similar percentage, when in fact one lot may well be justified to reduce its valuation. We talked about the Minnesota approach in terms of exempting and lowering the rate of taxation on homesteads and how you define a homestead when you have lake property and residential property and how you define it if you are from out of state. I really didn't come up with any good solution, but I did find out that the house passed their similar version of this bill, so I assume we will be able to deal with their bill. I still support this bill.

Chairman Cook: Committee your wishes?

Senator Triplett: Is the House bill a duplicate of this one?

Senator Hogue: I don't believe it is.

Chairman Cook: It changes the factor to .5 instead of .9.

Senator Triplett: But it relates to recreational service districts?

Chairman Cook: Yes.

Senator Triplett: So we would be able to do whatever we thought was germane to the bill when it comes this way?

Chairman Cook: Yes.

Senator Dotzenrod: Motioned for a Do Not Pass.

Vice Chairman Miller: Seconded.

A Roll Call vote was taken: Yea 6, Nay 1, Absent 0.

Senator Dotzenrod will carry the bill.

REPORT OF STANDING COMMITTEE (410)
February 16, 2009 4:41 p.m.

Module No: SR-30-2959
Carrier: Dotzenrod
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2284: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO NOT PASS (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2284 was placed on the Eleventh order on the calendar.

2009 TESTIMONY

SB 2284

#1

BOTTINEAU COUNTY

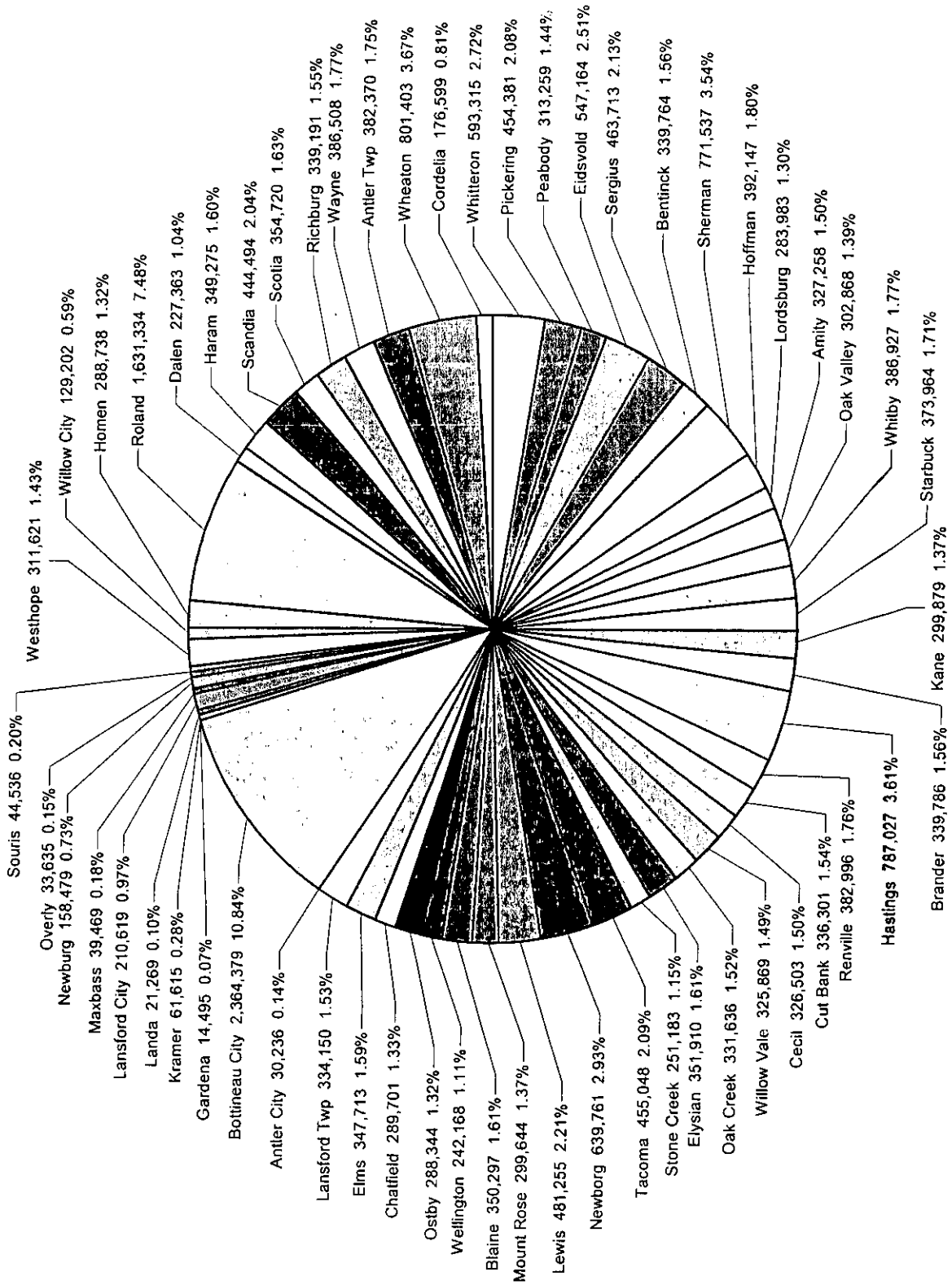
ROLAND TOWNSHIP

Recreation Service District

Statistical Information Regarding a Unique Tax Situation

**Bob Kornkven
Lenny McGuire**

2002 Bottineau County Taxable Valuations



Roland Township Recreation Service District Sales Ratio and True and Full Value Increase History

Year	Good Sales	Sales Ratio Reported to State Tax Dept.	True & Full Value Increases	Changes/Action
2002	23	28.8		No Action
2003	28	26.5	25%	Bottineau County Board Applied 25% Increase
2004	27	39.0	40% - 125%	Twsp: Conducted Vanguard Re-Assessment. Applied 30% discount to Land and Structures minimize taxpayer's initial impact. Sales Ratio after Inc = 70%
2005	30	60.0	16.5% - 21.5%	Twsp: Land: Removed 20% discount. Sales Ratio after Inc = 70%
2006	28	55.8	8.5% - 11.0%	Twsp: Land: Removed 10% discount. Sales Ratio after Inc = 70%.
2007	38	57.4	8.5% - 11.0%	Twsp: 10% Land Value Increase Sales Ratio after Inc. = 69%
2008	41	56.5	29.6%-Land CP* 50.24%-Strts.CP	Twsp: Land 8%, 20% State Twsp: Structures 0%, 42.85% County, 5% State Sales Ratio after Inc. = 82%
2009	18	62.4%		Not finalized for 2009.

* CP =Compounded

2008 North Dakota Lakeshore Sales Ratio Summary

Found in ND Assessment Sales Ratio Study

County	Sales	Sales Value	Median*
Barnes	15	\$1,510,760	68.8%
Bottineau	41	\$6,279,550	56.5%
Burleigh	2	\$752,500	64.7%
Dickey	1	\$22,500	62.1%
Emmons	1	\$30,000	55.8%
Kidder	2	\$120,000	121.9%
Logan	1	\$35,000	80.9%
McIntosh	4	\$77,380	70.0%
McLean	2	\$145,000	112.4%
Mercer	4	\$272,091	59.8%
Mountrail	1	\$35,000	46.6%
Richland	1	\$210,000	70.4%
Steele	4	\$345,000	19.7%
Ward	7	\$566,300	58.0%
Williams	7	\$379,000	80.0%
	93	\$10,780,081	62.1%

* Median represents the True and Full Value divided by the Sales Price in the form of a percentage.

Sales Ratio Study Details can be located at the ND Tax Department website:

<http://www.nd.gov/tax/property/pubs/salesratio/sales-ratio-2008.pdf>

2008 Statewide Ag Sales Ratio : 45.8% 2008 Statewide Lakeshore Ratio: 62.1%

Bottineau County Ag Sales Ratios for Ag Land:

2008; 49.3%, 2007; 50.5%, 2006; 51/3%, 2005; 55.5%, 2004; 64.5%

Average Ag Land Sales Ratio: 54.22%

ROLAND TOWNSHIP RECREATIONAL SERVICE DISTRICT RESIDENTIAL VALUES

2007

Residential True & Full Market Ranges	# of Properties (reflecting total valuation)	# of Properties (reflecting Structure Value Only)	# of Good Sales -2006-2007 - (Total Valuation)
\$399,999 to \$300,000	5	0	0
\$299,999 to \$200,000	30	11	1
\$199,999 to \$150,000	62	15	4
\$149,999 to \$100,000	178	56	16
\$99,999 to \$50,000	527	173	34*
\$49,999 to \$100	184	731***	13*
TOTAL	986	986	68**

* 70% of Sales are within or below the \$100,000 range

** Avg. Sales Value of a Structure: \$42,551

*** 452 Properties are valued under \$25,000.

2008

Residential True & Full Market Ranges	# of Properties (reflecting total valuation)	# of Properties (reflecting Structure Value Only)	# of Good Sales -2006-2008 (1) (Total Valuation)
\$700,000 to \$600,000	2	0	
\$599,999 to \$500,000	2	0	
\$499,999 to \$400,000	4	2	0
\$399,999 to \$300,000	26	8	0
\$299,999 to \$200,000	82	26	2
\$199,999 to \$150,000	119	38	4
\$149,999 to \$100,000	285	96	24
\$99,999 to \$50,000	350	233	41*
\$49,999 to \$100	123	590***	15*
TOTAL	993	993	86**

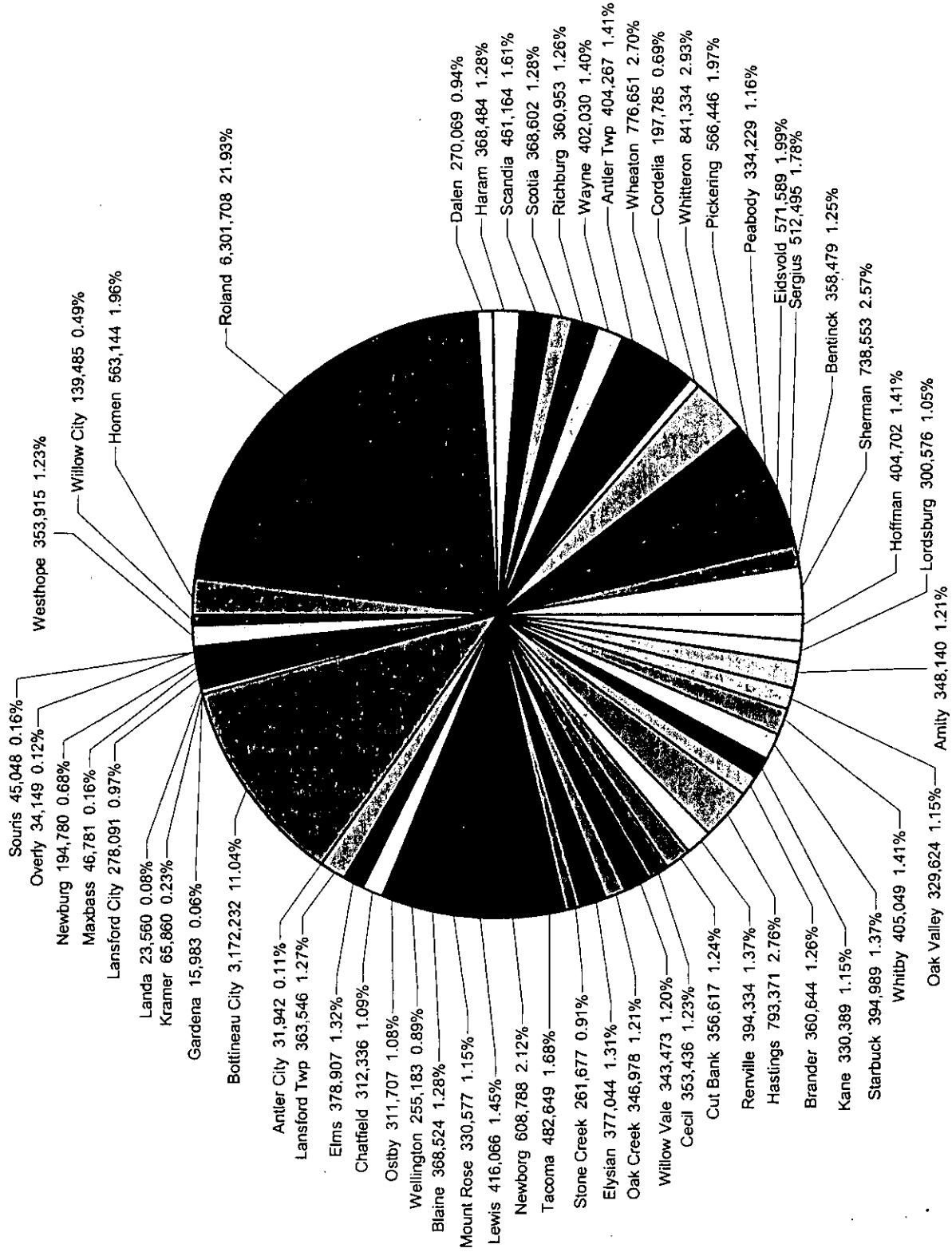
* 65% of Sales are within or below the \$100,000 range

** Avg. Sales Value of a Structure: \$57,545

*** 261 Properties are valued under \$25,000.

(1) 2008 includes 18 Verified Sales through August 24, 2008

2008 Bottineau County Taxable Valuations



Recreation Service District -Taxable Value Distributions

Year	T& F	Taxable Value	Mill Levies	Tax Dollars
2002	\$29,797,177	\$1,340,873	SCHOOL=193.89 COUNTY=92.66 TOTAL=324.89	\$259,981 \$124,245 \$435,636
2003	\$40,947,644	\$1,842,644	SCHOOL=171.44 COUNTY=99.99 TOTAL=302.27	\$315,902 \$184,245 \$556,976
2004	\$67,509,866	\$3,037,944	SCHOOL=167.25 COUNTY=96.87 TOTAL=291.10	\$508,096 \$294,285 \$884,345
2005	\$79,006,755	\$3,555,304	SCHOOL=166.93 COUNTY=95.87 TOTAL=286.99	\$591,709 \$340,846 \$1,020,336
2006	\$86,215,755	\$3,879,709	SCHOOL=169.49 COUNTY=100.78 TOTAL=296.63	\$657,571 \$390,997 \$1,150,838
2007	\$92,310,666	\$4,153,980	SCHOOL=171.41 COUNTY=104.80 TOTAL=301.96	\$712,033 \$435,337 \$1,254,335
2008	\$128,674,860	\$5,790,369	SCHOOL=166.98 COUNTY=104.43 TOTAL=292.42	\$966,875 \$604,668 \$1,693,219
2009 (1.6)	\$205,880,000	~ \$9,264,600	SCHOOL=170.00 COUNTY=100.00 TOTAL=300.00	\$1,575,000 \$926,400 \$2,779,380
2009 A - (.045) Assessed Value x .045	\$205,880,000	~ \$4,632,300	SCHOOL=170.00 COUNTY=100.00 TOTAL=300.00	\$787,491 \$463,230 \$1,389,690
2009 B - Ag Land	\$205,880,000 ~\$111,628,130	~ \$5,023,265	SCHOOL=170.00 COUNTY=100.00 TOTAL=300.00	\$853,955 \$502,326 \$1,506,979

Chart 7

**RECREATIONAL SERVICE DISTRICT
SALES RATIO IMPACT ON RESIDENTIAL TAX VALUATIONS
SAMPLING**

	#10	#100	#200	#300	#500	#700	#900
2003	\$188,756	\$96,976	\$49,986	\$27,528	\$26,284	\$19,484	\$600
2004*	\$241,900	\$119,000	\$92,200	\$68,100	\$58,900	\$43,700	\$24,800
2005	\$253,600	\$129,800	\$103,700	\$83,300	\$67,800	\$51,000	\$26,600
2006	\$259,400	\$144,900	\$109,500	\$91,000	\$72,200	\$54,700	\$27,500
2007	\$265,300	\$150,300	\$115,300	\$98,600	\$76,700	\$58,500	\$27,500
2008	\$387,100	\$215,500	\$162,400	\$133,900	\$103,800	\$80,900	\$39,000
2009**	\$619,360	\$344,800	\$259,840	\$214,240	\$166,080	\$129,440	\$62,400

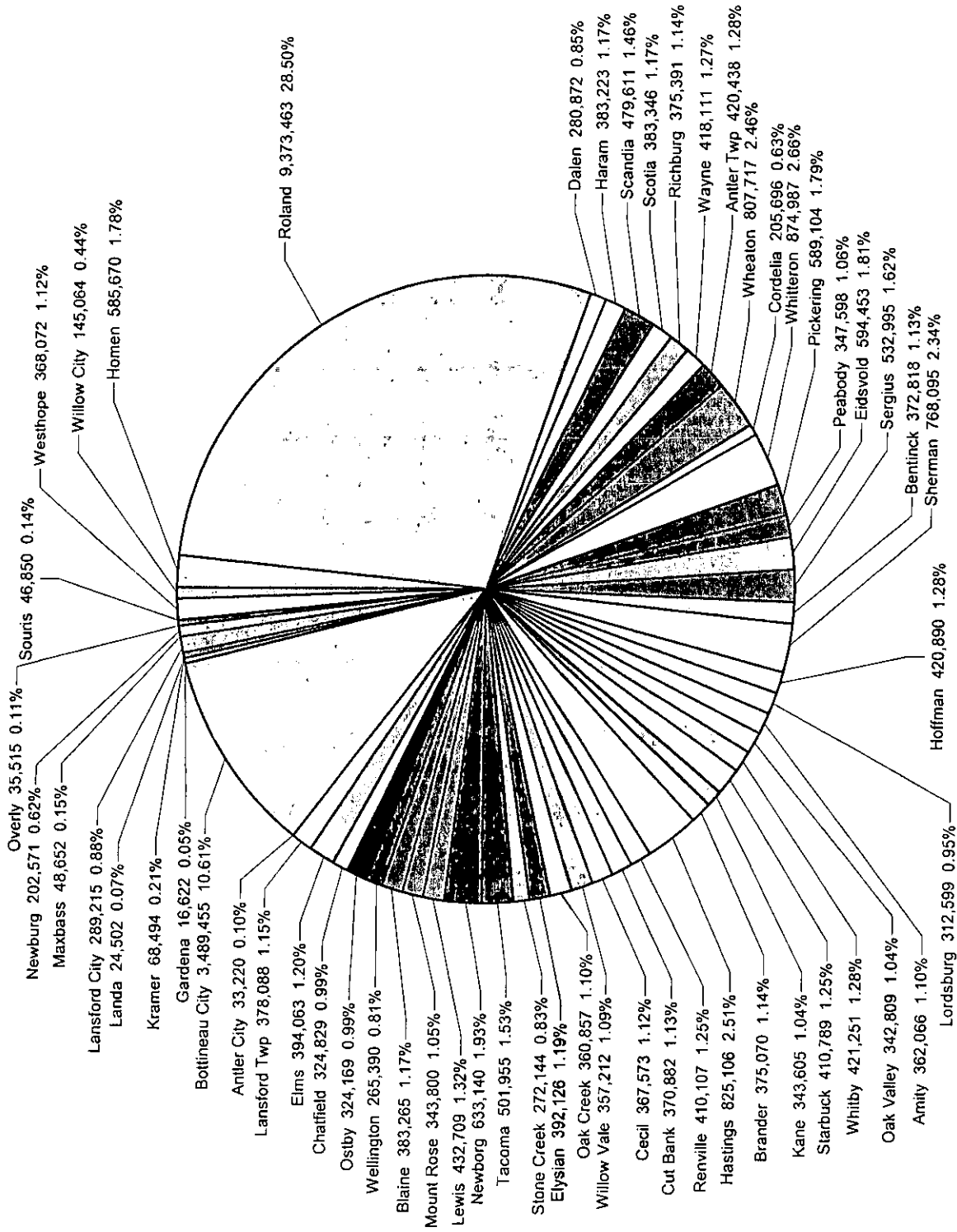
* Increase with re-assessment by professional appraisal firm (Vanguard Appraisals, Inc.)

** Values based on State mandate to achieve 100% Market Value (T&F) - equals 160 % of 2008 values.

2008 Tax dollar impact: \$100,000 increase in T&F Value = Tax Dollars \$1,316.00

(\$100,000 x 50% = Assessed Value x 9% = Taxable Value (\$4,500) x Mill Levies 292.42 = \$1316 Tax Dollars)

ESTIMATED 2009 Bottineau County Taxable Valuations



Bottineau County Taxable Valuations

Tax Entities - Year over Year Taxable Value Increase Comparisons

Entity/Years	2002	2004	2006	2007	2008	2009 ESTIMATE Except where noted, 4% Inc est. for 2009.
Roland Twsp: Rec. Service District Roland Twsp: Ag Acres: 20,967. Includes: (2008-8.11% Rural Twsp \$511,339)	\$1,631,334 (7.48%)	\$3,467,940 (14.50%)	\$4,339,387 (16.71%)	\$4,617,656 (17.53%)	\$6,301,708 (21.93%)	\$9,373,463 (28.50%) Rec Srv Dist @60% Increase
12 Cities in County	\$3,419,555 (15.75%)	\$3,523,418 (14.73%)	\$3,779,395 (14.55%)	\$3,907,741 (14.83%)	\$4,401,826 (15.32%)	\$4,768,233 (14.50%) B.City Cml & Lansford Re-valuation at 10%
43 Additional Rural Townships County Ag Acres: 1,018,914 (Primarily Ag Land, with few taxable residential properties. Excludes any cities.)	\$16,762,112 (76.84%)	\$16,745,241 (70.77%)	\$17,855,718 (68.74%)	\$17,821,777 (67.64%)	\$18,025,594 (62.75%)	\$18,746,618 (57.00%)
	\$21,813,001	\$23,916,599	\$25,974,500	\$26,347,174	\$28,729,128	\$32,888,314
% Inc for Comparison Years.		9.64%	8.60%	1.44%	9.05%	14.48%



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
 Cory Fong, Commissioner

**ABSTRACT OF PROCEEDINGS OF THE NORTH DAKOTA
 STATE BOARD OF EQUALIZATION
 REAL PROPERTY
 FOR THE YEAR 2008**

To the County Auditor of Bottineau County:

I, Cory Fong, Tax Commissioner, as Secretary of the State Board of Equalization, certify that the following is a true and correct abstract of the proceedings of the State Board of Equalization with respect to equalizing the true and full valuation of real property in your county for the current year specifying the percentage added to or deducted from the total true and full valuation in your county of each of the several classes of real property. You shall, in accordance with N.D.C.C. § 57-13-08, add to or deduct from the true and full valuation of each lot or tract in the several classes of real property, as equalized by the county board, the indicated percentages in the schedule below and extend taxes upon the taxable valuation as calculated pursuant to N.D.C.C. §§ 57-02-01(13) and 57-02-27.

SCHEDULE OF CHANGES

CLASS OF REAL PROPERTY IN COUNTY	PERCENTAGE CHANGE BY STATE BOARD
Agricultural Property (Tillable and Nontillable)	No Change
Commercial Property (Lots, Tracts and Improvements)	No Change
Residential Property (Lots, Tracts and Improvements)	*

*Increase land values of lakeshore property by 20 percent and increase improvement values of lakeshore property by 5 percent. Ensure that 2009 lakeshore assessments represent current market value. Please send revised abstract to Tax Commissioners Office after changes have been made.

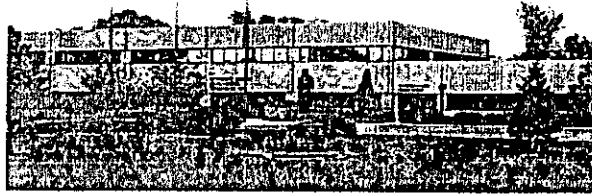
Dated at Bismarck, North Dakota, this 22nd day of September, 2008.

Cory Fong
 Secretary of North Dakota
 State Board of Equalization
 and State Tax Commissioner

COUNTY OFFICERS

County Auditor	Mae Strelch
County Treasurer	Evelyn Kalk
County Recorder	Helen Christenson
County Sheriff	Steve Watson
County Attorney	A. Swain Benson
Clerk of Courts	Rhonda Langehaug
Superintendent of Schools	Dwane Getzlaff
Tax Director/Zoning Adm.	Lisa Peterson
Social Services	Kelly Jensen
9-1-1 Coordinator	Terry Volk
Disaster Emergency	Richard Hummel
Veteran's Service Officer	Dwight Nahinurk
Road Foreman	Terry Olson
Official Newspaper	Courant

**BOTTINEAU COUNTY
NORTH DAKOTA**



**314 West Fifth Street
Bottineau, North Dakota 58318
Fax (701) 228-3658/5181**

COUNTY COMMISSIONERS

1 st District	LeRoy Rude Bottineau, ND 58318
2 nd District	Jeff Beyer Bottineau, ND 58318
3 rd District	Mary Rothmann Bottineau, ND 58318
4 th District	Verdean Kveum Souris, ND 58783
5 th District	Fred Tyler Lansford, ND 58750

TO: Members of the North Dakota State Senate

The Bottineau County Commissioners support the efforts of the Lake Metigoshe Recreation Service District residents in their efforts to adjust the taxable value of their property through a change in the ND Century Code.

Dated this 19th day of December, 2008

Some given to the House Members



Jeff Beyer, Chairman-Bottineau County Commissioners



Chart 10

Map of Bottineau County & Recreation Service District

Recreation Service District Property - Impact of Sales Ratio Multipliers 2006 to 2008

	2006		2007		2008		% Inc in 2 Yrs	2009 Projection
	LAND	DWLG	LAND	DWLG	LAND	DWLG		
4018-2299 10/2006, \$223,000 SALE; \$104,100 TF, RATIO 46.7	\$54,600	\$49,500	\$60,000	\$49,500	\$80,000	\$74,400	\$154,400	\$247,040
							\$104,100	
							\$50,300	137.31%
4002-905 3/2006 AND 8/2007, \$84,600 AND \$118,400 SALES \$82,300 TF, RATIO 99.3% 2006	\$25,400	\$56,900	\$25,400	\$56,900	\$31,800	\$85,200	\$117,000	\$187,200
							\$82,300	
							\$34,700	42.163%
4015-2236 1997 AND 9/2006, \$31,000 AND \$88,850 SALES \$41,400 TF, RATIO 46.6% 2006	\$23,100	\$18,300	\$25,400	\$18,300	\$33,900	\$27,500	\$61,400	\$98,240
							\$41,400	
							\$20,000	48.309%
4003-1047 1997 AND 9/2007, \$39,500 AND \$148,500 SALES \$76,800 TF, RATIO 51.7% 2007	\$44,200	\$28,200	\$48,600	\$28,200	\$61,900	\$42,300	\$104,200	\$166,720
							\$72,400	
							\$31,800	43.923%
								130.28%

Recreation Service District Property - Impact of Sales Ratio Multipliers 2006 to 2008

	2006			2007			2008		% Inc in 2 Yrs	2009 Projection
	LAND	DWLG	TOTAL	LAND	DWLG	TOTAL	LAND	DWLG		
4020-2403 8/2007, \$137,500 SALES \$114,000 TF, RATIO 82.9 2007	\$81,800	\$24,000	\$105,800	\$90,000	\$24,000	\$114,000	\$120,000	\$36,000	\$156,000	\$249,600
									\$105,800	
									\$50,200	135.92%
									47.448%	
4003-1037 2/2007, \$55,000 SALES \$53,200 TF, RATIO 96.7 2007	\$39,000	\$10,300	\$49,300	\$42,900	\$10,300	\$53,200	\$57,200	\$15,500	\$72,700	\$116,320
									\$49,300	
									\$23,400	135.94%
									47.465%	
4035-2688 NO SALES	\$39,000	\$131,900	\$170,900	\$42,900	\$131,900	\$174,800	\$57,200	\$197,800	\$255,000	\$408,000
									\$170,900	
									\$84,100	138.74%
									49.210%	
4017-2284 NO SALES	\$36,000	\$55,600	\$91,600	\$39,600	\$55,600	\$95,200	\$52,800	\$83,300	\$136,100	\$217,760
									\$91,600	
									\$44,500	137.73%
									48.581%	
4057-2866-05 NO SALES	\$29,400	\$70,400	\$99,800	\$32,400	\$70,400	\$102,800	\$41,200	\$105,600	\$146,800	\$234,880
									\$99,800	
									\$47,000	135.35%
									47.094%	
4023-2484 NO SALES	\$58,500	\$100,900	\$259,400	\$64,400	\$200,900	\$265,300	\$85,800	\$301,300	\$387,100	\$619,360
									\$259,400	
									\$127,700	138.77%
									49.229%	

Impact of Sales Ratio Scenario

Sale Ratio Calculation

Year 1	Property #	T & F Value	Sales Price	Sales Ratio	Median	Sales Ratio Multiplier for 100% T & F Market Value
	1	\$45,000	\$100,000	45%		
	2	\$25,000	\$50,000	50%		
	3	\$50,000	\$100,000	50%	50%	200.00%
	4	\$45,000	\$80,000	56%		
	5	\$70,000	\$100,000	70%		

2.00 Multiplier

Distribution of Sales Ratio Multiplier

Scenario	Property #	Sales Price	T&F Value	Year 1 Multiplier	Market Value Increase	Year 2 Sales Ratio	Year 3 Sales Ratio	Year 4 Sales Ratio
Sales	2	\$50,000	\$25,000	2.00	\$50,000	1.00/.85 - 1.1765	1.00/.85 - 1.1765	1.00/.90 - 1.1111
Sales	3	\$100,000	\$50,000	2.00	\$100,000	\$58,825	\$69,208	\$76,897
Sales	5	\$100,000	\$70,000	2.00	\$140,000	\$117,650	\$138,415	\$153,793
Non Sales	6		65,000	2.00	\$130,000	\$164,710	\$193,781	\$215,310
Non Sales	7		200,000	2.00	\$400,000	\$152,945	\$179,940	\$199,931
Non Sales	8		350,000	2.00	\$700,000	\$470,600	\$553,661	\$615,173
						\$823,550	\$968,907	\$1,076,552

No Sale or Change
No Sale or Change
No Sale or Change