

Meeting Minutes of SDAAO District 8
Wednesday, November 13, 2013 – 10:00 a.m.
Day County Courthouse, Webster, SD

Members Present:

Renee Buck	Hamlin County
Heidi Thorson	Codington County
Shawna Constant	Codington County
David Paulson	Clark County
Bonnie Fosheim	Dept of Revenue
Dari Schlotte	Day County
Scott Currence	Roberts County (Chairman)
Shannon Lee	Marshall County
Barbara Block	Day County
Melissa Roe	Hamlin County (Secretary)

The meeting was called to order by Chairman Scott Currence. The first topic of discussion involved Non-tribal improvements on tribal land and non-Indian lessees, a follow-up from the discussion at the July meeting. For reference, the issue at hand is that non-Indian improvements on tribal land are not only being taxed by the county, but the tribe as well, who imposes an extra tax based off the county's assessed value. The group discussed mainly what has been happening in Day County, where the attorney for the group of tax payers has advised her clients not to pay their taxes. Marshall County has been having similar issues. Day County Director, Dari Schlotte, says the county is not going to forgo taxing the structures either. The County Sheriff says he has no right to enter upon the property in order to auction it for tax purposes, and rightly so, future buyers would not be able to access the structures unless permitted by the Tribe. The SD Attorney General is unwilling to give an opinion on the matter because this case might go to the SD Supreme Court, which would be a conflict of interest for him. Time will tell.

The second topic of discussion was about the 2013 SDAAO School. Everyone agreed it was a good week and they felt their class was good. Those who took Special Topics agreed it was very well done and they learned a lot. Others said IAAO 400 was really good, as was IAAO 101. There was some discussion about IAAO 400 and there having been, at one time, some discrepancies between the curriculum and the test, but IAAO 400 students agreed those issues were mainly cleared up.

Further discussion involved municipalities passing discretionary ordinances. The City of Sisseton passed a discretionary formula ordinance for residential structures valued at \$5000 or more. They chose a 20%, 40%, 60%, 80% and 100% discretionary formula for those structures. The group talked about whether or not \$5000 was too low for discretionary, and how such an ordinance will affect tax revenues. The group then compared county to county, and found that Codington & Hamlin Counties apply discretionary to commercial buildings, countywide, valued at \$30,000 or more, and Ag buildings valued at \$10,000 or more. Roberts County applies discretionary to Ag or commercial structures valued at \$30,000 or more. Clark County applies it to commercial structures valued at \$30,000 or more. Grant County does not apply discretionary to any structures. Statewide, property owners can request not to have it applied if they so choose.

David Paulson, Clark County Director, brought up for discussion 501c development corporations and posed the question: "Should they be taxed?" The first requirement is they must provide their tax exempt number. Furthermore, the county can only exempt up to \$100,000 of property being held for development. This applies to redevelopment companies only. Their office buildings, storage buildings or any other such building not for being held for development purposes will be taxed. The development corporations, if holding more than \$100,000 of property, can decide which property to exempt.

Marshall County brought up for discussion a situation involving land that is coming out of CRP for the 2014 assessment. The land received a CRP payment for 2013, yet the owner wants to apply for Flooded Farm Land for the 2014 assessment. The applicant disagrees they should have to wait until the 2015 assessment to apply. Always a "hot" topic, this was no different. In the end, some counties said they would allow the application and some said they would make the applicant wait a year. All agreed whatever the director decided would have to be applied universally to all such cases.

Shannon Lee also talked about a larger lake development in Marshall County with little shoreline improvement in terms of landscaping and retaining walls. She recently came upon a lot with \$200,000 in shoreline improvements and improvements to the lot itself, including concrete slabs, retaining walls and landscaping. She does not have sales of similarly improved lots, and was wondering how other counties treated such improved lake lots in regard to valuing. Should she adjust the lot value for the extensive landscaping? Most counties agreed they would not adjust for landscaping as they normally do not value landscaping. The question is: does it add to the value of the lot at all? Most agreed it would not significantly change the market price of the lot, and until she has sales to prove it does, the lot should not be adjusted for extensive landscaping. It was equated to drain tiling Ag land, which is a management decision.

There was discussion about the November 1 deadline and how counties dealt with partially finished structures. Did they give it a percentage value, no value, partial value...? Most counties, if the structure is mostly finished, would value it at a percentage of full & true. For structures that are not very far along in construction, say a basement only or some minor framing, they would give it a site value or some sort of net value.

David Paulson brought with him a newspaper article regarding tax abatements for damage from the October blizzard as part of a blizzard recovery program. There was some discussion about how this would or could be implemented, and if it should be implemented.

Scott Currence inquired about what others were seeing in regard to new construction trends. He has noticed a lot of big grain bins being constructed and expensive (over \$300,000) homes, as well as large Ag buildings. Other counties noted the similar trend, but also acknowledged the fact that building costs have risen and that homes are overall more expensive to build. However, the trend exists that new homes going up are above average in quality. The price of mobile homes has gone up dramatically and everyone noted it is nearly as much to buy a mobile home as it is to put up a stick built house. When asked, most mobile home purchasers will say they chose a mobile home because they wanted a house immediately, and that was a good way to get a house fast. Then counties discussed how to value expensive, brand new mobile homes. All agreed they would, as any other property, apply market and mobile home factors to determine value.

The final topic of discussion involved Wetland Reserve Program easements on land and adjusting values. Marshall County said she had WRP land that was for sale for less than its assessed value and it was not selling. She questioned the group about adjusting the value on WRP land. Codington County Director noted she will adjust *perpetual* WRP easements to grass rating. She has sales to support lowering the values. Roberts County gives a flat rate to WRP land. All agreed, whatever is decided must be consistent. If Marshall County should want to adjust that piece of WRP land, she must be sure she consistently adjusts all WRP easement land.

Motion to adjourn made by Heidi Thorson and seconded by Shawna Constant. All voted "aye" and meeting adjourned at 11:30 a.m.

Respectfully submitted by:
Melissa Roe, District 8 Secretary