# COMMISSIONERS' MINUTES – DAVIS COUNTY

**WORK SESSION MEETING MINUTES**
**Wednesday, September 18, 2024**

The Board of Davis County Commissioners met for a Work Session at 11:00 AM on Wednesday, September 18, 2024, in room 306 of the Davis County Administration Building, 61 South Main Street, Farmington, Utah. Required legal notice of this meeting was given.

All documents from this meeting are on file in the Davis County Clerk's Office. The agenda for this meeting is incorporated into the minutes as item headers.

**DISCLAIMER**
The meeting was an open dialogue. Critical points in the discussion have only been briefly summarized. The reader may refer to the audio recording and the publicly distributed materials for further clarification of the content. Timestamps have been noted in the minutes to aid in locating points of discussion in the audio record. The audio recording for this meeting is available based upon the County's current retention schedule.

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**ROLL CALL**
**Chair** Bob J Stevenson
**Vice Chair** Randy B. Elliott
**Commissioner** Lorene Miner Kamalu
**Chief Deputy Civil Attorney** Neal Geddes
**Chief Deputy Clerk** Rebecca Abbott [joined at 11:14 AM]
**Tax Administration Manager** Sulika Laulu
**County Assessor** Andy Hansen
**Senior Civil Counsel Attorney** Mike Kendall
**Commission Office** Cynda Melville
**Personal Property Team Lead** Shanae Coe [joined at 11:18 AM]
**Deputy Clerk** Aaron Moyes
**Attorney for Structural Steel & Plate Fabrication** Donald Reay
**Principal of Structural Steel & Plate Fabrication** Brian Dean
**Certified Public Accountant (CPA) for Structural Steel & Plate Fabrication** Ryan Rees

**OPENING**
The meeting convened at 11:05 AM.

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**AGENDA ITEMS**
**1. #788/2024. Meeting of the Board of Commissioner to review a 1347 Application for Adjustment of Property Tax submitted by Structural Steel & Plate Fabrication** — *presented by Commissioner Stevenson*

[Minute 00:30] The meeting began with introductions of the attending members, including representatives from the Davis County Assessor's Office, County Commission, Structural Steel & Plate Fabrication, and other stakeholders. The primary topic was a 1347 property tax adjustment application from Structural Steel & Plate Fabrication, resubmitted with additional supporting documentation.

[Minute 1:12] Ryan presented a 25-page packet outlining discrepancies identified during a State audit. He noted that the State Auditor's report used generalized figures, many of which were labeled "no detail," complicating the reconciliation process. Upon further review, Structural Steel & Plate Fabrication found that some items, particularly the Work In Progress (WIP) inventory, were double-taxed. They clarified that this inventory should not have been classified as WIP. Ryan emphasized these double-taxed items represented a significant portion of the $265,102.00 in equipment lacking detailed descriptions. The company sought a reassessment based on this new information. A key issue emerged surrounding the State Auditor's lack of sufficient details, leading to judgment calls that affected the assessment.

[Minute 4:26] Assessor Hansen reviewed the information from Structural Steel & Plate Fabrication and acknowledged a discrepancy in the assessed amounts. He noted that he and Utah State Tax Commission Representative Gina Holder had conducted a review via Zoom, summarizing changes they would have made if they had access to all the information at the time of the audit. The updated summary spreadsheet [see Attachment A] included adjustments for items such as yard improvements, equipment duplicates, and steel projects that were planned but not completed. These adjustments led to a revised tax liability, differing from the original amount calculated by Structural Steel & Plate Fabrication. Assessor Hansen reiterated that once the Assessor's Office orders and completes a State audit, their role is to implement it. The spreadsheet covered adjustments from 2020 through 2022, with a total difference of $12,252.82 after State-approved removals for 2021 and 2022.

[Minute 9:45] A point of contention arose over the classification of yard improvements and labor costs. Ryan argued that labor costs related to yard improvements and equipment repairs were incorrectly categorized as

personal property when they should have been classified as improvements to real property. However, Assessor Hansen clarified that State procedures include labor costs in the total cost of an asset, and the classification was correct.

[Minute 12:02] The discussion also addressed duplicate equipment entries, with Ryan arguing for the removal of $265,102.00 in equipment due to double counting. However, Assessor Hansen explained that only $67,940.00 was removed, as their audit review did not support removing the full amount. There was ongoing debate about whether these items should be classified as personal or real property and how the previous Chief Financial Officer (CFO) had categorized and capitalized hours. Commissioner Stevenson inquired whether the former CFO was responsible for the discrepancies and whether the issues had been corrected for future years. Brian acknowledged that while the former CFO was a major contributor, it was not the sole issue, and improvements had been made moving forward.

[Minute 22:17] The conversation shifted to whether better communication between the State Auditors and Structural Steel & Plate Fabrication could have prevented the audit issues. Ryan stated the State Auditors aim is to get things right, whether the outcome benefits the State or the taxpayer, but in this case, they may not have had sufficient information to do so. He reiterated the company simply wants to resolve the discrepancies accurately.

[Minute 24:40] Commissioner Stevenson asked Attorney Kendall for clarification on the Commission's available steps to resolve the situation. Attorney Kendall explained the test the Commission was using for this issue was broader than in previous cases. The test requires determining if granting full or partial relief is in the best interests of the public and the State. The decision would weigh Structural Steel & Plate Fabrication's interests against those of taxpayers who had followed the rules. Attorney Kendall noted a consensus on a difference in figures: Structural Steel & Plate Fabrication's amount was $23,436.00, while the Assessor's Office/State figure was $12,252.82. The dispute is centered around this remaining difference and the potential for penalties and interest.

[Minute 28:50] Commissioner Stevenson requested more time to make a decision. Brian added that the company's appeal was not solely due to a missed deadline, but also due to items they believed were miscategorized, emphasizing that the State allows taxpayers to challenge such issues. The ongoing discussion involved how each party had arrived at their respective figures. Commissioner Elliott asked how much in penalties and interest was owed by Structural Steel & Plate Fabrication, to which Assessor Hansen responded that none had been assigned at that time, although they could be applied later.

[Minute 36:31] Commissioner Kamalu requested clarification from Attorney Kendall regarding the test requirements for a 1347 application and expressed a desire for fairness, consistency, and accuracy in the decision-making process. She emphasized that potential errors, whether on the County's or taxpayer's side, should be handled accurately. Commissioner Elliott concurred that more time was needed for advisement. Attorney Kendall reiterated that any additional information required must be requested in writing, and Attorney Geddes clarified that both parties needed to provide a written report detailing their disagreements and how they had reached their conclusions. Ryan asked if there was an option to settle the outstanding balance by meeting in the middle. Commissioner Stevenson agreed that more time was needed to ensure the issue was resolved correctly, noting the progress made.

[Minute 41:50] Attorney Kendall outlined an option for Structural Steel & Plate Fabrication to provide additional documentation clarifying disputed areas, to avoid ex parte communication. Brian expressed his appreciation for the Commissioners' time and stated he was content with the progress made, agreeing to reduce the company's owed amount by the consensus $12,252.82. He also requested the Commission consider waiving any potential fees and penalties when making their final decision.

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**MEETING ADJOURNED**

The meeting was adjourned at 11:50 AM.

**ATTACHMENTS**

All publicly distributed materials associated with this meeting are noted as the following attachments:

A. Structural Steel Spreadsheet

# COMMISSIONERS' MINUTES – DAVIS COUNTY

Minutes Prepared by:

Aaron Moyes
Deputy Clerk

Brian McKenzie
Davis County Clerk

Minutes Approved on:

10/08/2024

RANDY B. ELLIOTT, VICE-CHAIR, FOR
Bob J Stevenson
Commission Chair

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | |
| Total Cost | $4,343,268 | | | | | | |
| WIP | $430,000 | | | | | | |
| Yard Improve* | $2,800 | | | | | | |
| Equip Improve duplicates* | $67,940 | | | | | | |
| Steel Breeze improvements* | $5,340 | | | | | | |
| Steel Breeze improvements* | $6,450 | | | | | | |
| Revised Cost | $4,343,268 | | | | | | |
| | | | | | | | |
| Without Steel Breeze | $4,343,268 | | | | | | |
| *Not listed as taxable on 2020 Audit | | | | | | | |
| | | | | | | | |
| Taxable Value | $1,569,934 | | | | | | |
| Tax Rate | 0.012441 | | | | | | |
| Original Taxes | $19,531.55 | | | | | | |
| New Taxes | $19,531.55 | | | | | | |
| | | | | | | | |
| **2021** | | | With State appoved removals | | | Without Steel Breeze Removed | |
| Audit w/no changes/Cost | $4,844,008 | | Total Cost | $4,844,008 | | Total Cost | $4,844,008 |
| | | | WIP | $430,000 | | WIP | $430,000 |
| | | | Yard Improve | $2,800.00 | | Yard Improve | $2,800 |
| | | | Equip Improve duplicates | $67,940.00 | | Equip Improve Dups | $67,940 |
| | | | Steel Breeze Improvements | $5,340.00 | | Revised Cost | $4,343,268 |
| | | | Steel Breeze Improvements | $6,450.00 | | | |
| | | | Revised Cost | $4,331,478 | | | |
| | | | | | | | |
| Taxable Value | $2,686,316 | | Taxable Value | $2,176,410 | | Taxable Value | $2,187,728 |
| | | | | | | | |
| Tax Rate | 0.012135 | | Tax Rate | 0.012135 | | Tax Rate | 0.01213 |
| Original Taxes | $32,598.44 | | Original Taxes | $32,598.44 | | Original Taxes | $32,598.44 |
| | | | New Taxes | $26,410.74 | | New Taxes | $26,548.08 |
| | | | **Difference** | **$6,187.70** | | **Difference** | **$6,050.36** |
| | | | | | | | |
| **2022** | | | With State appoved removals | | | Without Steel Breeze Removed | |

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|---|---|---|---|---|---|---|---|
| Audit w/no changes/Cost | $3,975,595 | | Total Cost | $3,975,595 | | Total Cost | $3,975,595 |
| | | | WIP | $430,000 | | WIP | $430,000 |
| | | | Yard Improve | $2,800 | | Yard Improve | $2,800 |
| | | | Equip Improve Duplicates | $67,940 | | Equip Improve Dups | $67,940 |
| | | | Steel Breeze Improvements | $5,340 | | Revised Cost | $3,474,855 |
| | | | Steel Breeze Improvements | $6,450 | | | |
| | | | Revised Cost | $3,463,065 | | | |
| | | | | | | | |
| Taxable Value | $2,028,483 | | Taxable Value | $1,523,140 | | Taxable Value | $1,533,515 |
| | | | | | | | |
| Tax Rate | 0.012002 | | Tax Rate | 0.012002 | | Tax Rate | 0.012002 |
| Original Taxes | $24,345.85 | | Original Taxes | $24,345.85 | | Original Taxes | $24,345.85 |
| | | | New Taxes | $18,280.73 | | New Taxes | $18,405.25 |
| | | | **Difference** | **$6,065.12** | | **Difference** | **$5,940.60** |
| | | | | | | | |
| | | | Total for 1347 for 2021 & 2022 | $12,252.82 | | | |