The State Board of Equalization met in the Conference Room of the Office of State Tax Commissioner Thursday, May 4, 2017 at 10:35 a.m.

The following members were present:
Lieutenant Governor Brent Sanford, Acting Chairperson
Kelly Schmidt, State Treasurer
Joshua Gallion, State Auditor
Ryan Rauschenberger, Tax Commissioner and
Secretary of the State Board of Equalization

Introductions of those present were held.

Lieutenant Governor Sanford called the meeting to order.

It was moved by Treasurer Schmidt and seconded by Commissioner Rauschenberger to approve the minutes of the November 3, 2016 meeting. Upon roll call, all members present voted “aye.” Motion carried.

State Supervisor of Assessments Linda Leadbetter presented an additional 2016 Telecommunications Tax for Garmin USA Inc. in the amount of $6.30.

It was moved by Treasurer Schmidt and seconded by Commissioner Rauschenberger that the Board accept the return as presented.

Upon roll call, all members present voted “aye.” Motion carried.

Commissioner Rauschenberger welcomed Auditor Gallion and Lieutenant Governor Sanford to the Board. Commissioner Rauschenberger stated it would be beneficial to review the three main areas the State Board of Equalization deals with by presentations relating to the equalization process for centrally and locally assessed properties and the income tax exemptions the State Board of Equalization reviews.

Ms. Leadbetter stated Property Tax Specialists Kimberly Vietmeier and Dustin Bakken had prepared presentations containing information shared with counties and cities. Ms. Leadbetter stated that the information presented would also be sent to the Board members digitally to be used as a reference.

Ms. Vietmeier presented information on locally assessed property. Ms. Vietmeier reviewed real property, classes of property, and the notices of increase that changed after the 2015 legislative session. The three levels of the appeals process were explained, as were the
duties and powers of the State Board of Equalization. Ms. Vietmeier reported the state supervisor conducts a sales ratio study each year with the local jurisdictions which helps them to track sales to determine if they are within the tolerance levels set by the State Board of Equalization. The position and duties of the Director of Tax Equalization were reviewed with the Board.

Mr. Bakken presented information on centrally assessed property. Centrally assessed property includes Oil and Natural Gas Pipelines, Railroads, Investor Owned Electric and Gas Utilities and Wind Farms. Mr. Bakken explained public utilities deal with unit values as a whole, even if they cross different taxing jurisdiction boundaries. The values are distributed based on location. The three approaches to value are also considered when assessing centrally assessed property; they are cost, income, and sales. With the cost approach physical depreciation, functional obsolescence and external obsolescence are also considered. Mr. Bakken reviewed the individual industries with the Board, and the procedures followed with working with county auditors, and companies getting information ready for the State Board of Equalization meeting held the first Tuesday in August.

Mr. Bakken also reviewed the electric cooperatives which include distribution companies, transmission companies and generation sources; generation sources are any electric generator other than coal and wind.

Commissioner Rauschenberger stated legislation had passed moving the assessment dates up for the centrally assessments; to allow those counties that rely heavily on centrally assessment valuations more time to get those values for their budget process.

The Board thanked the Property Tax Division for the information they had presented.

Ms. Leadbetter reported on the Foster County reappraisal assessment update. The State Board of Equalization had required Foster County to implement a new reassessment process. The county has now hired Vanguard Appraisals, Inc. to do the reassessment for them; they were required to give the State Board of Equalization updates twice a year. The plan is to have the reassessment completed by 2020.

Commissioner Rauschenberger reviewed the new and expanding business income tax exemption process.

With no further business before the Board, the meeting adjourned at 11:22 a.m.
The State Board of Equalization met in the Conference Room of the Office of State Tax Commissioner Tuesday, August 1, 2017 at 3:10 p.m.

The following members were present:
  Lieutenant Governor Brent Sanford, Acting Chairperson via telephone
  Kelly Schmidt, State Treasurer
  Joshua Gallion, State Auditor
  Doug Goehring, Commissioner of Agriculture
  Ryan Rauschenberger, Tax Commissioner and Secretary of the State Board of Equalization

It was moved by Commissioner Goehring and seconded by Treasurer Schmidt to approve the minutes of the May 4, 2017, meeting. Upon voice vote, all members voted “aye.” Motion carried.

Tax Commissioner Ryan Rauschenberger gave a brief overview of how the meeting runs for the new members of the State Board of Equalization. Commissioner Rauschenberger then turned the meeting over to Linda Leadbetter, State Supervisor of Assessments, to present the information for each centrally assessed property type.

The purpose of the meeting was to hold a hearing for air transportation companies, pipeline companies, railroads, electric and gas utility companies, wind generation, electric companies and miscellaneous centrally assessed companies on the 2017 tentative assessments of their property.

It was moved by Commissioner Goehring and seconded by Commissioner Rauschenberger that the Board approve the 2017 centrally assessed property tentative assessments for air transportation companies in the amount of $8,264,500. Upon roll call, all members voted “aye.” Motion carried.

<table>
<thead>
<tr>
<th>Airline Transportation Companies</th>
<th>Assessed Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegiant Air, LLC</td>
<td>1,107,100</td>
</tr>
<tr>
<td>Delta Airlines, Inc.</td>
<td>3,891,000</td>
</tr>
<tr>
<td>Envoy Air, Inc.</td>
<td>308,200</td>
</tr>
<tr>
<td>Federal Express Corp</td>
<td>550,800</td>
</tr>
<tr>
<td>Frontier Airlines</td>
<td>173,300</td>
</tr>
<tr>
<td>SkyWest Airlines, Inc.</td>
<td>711,600</td>
</tr>
</tbody>
</table>
The natural gas pipeline companies were next on the agenda. Ms. Leadbetter stated the figure for natural gas pipelines did not include the assessment for Liberty Resources II. The assessment for Liberty Resources II will be presented at the Board meeting on August 8, 2017. Commissioner Rauschenberger explained there were many acquisitions and reorganization of pipelines this past year, which explains the large percentage swings for certain companies. It was moved by Commissioner Goehring and seconded by Commissioner Rauschenberger that the Board approve the 2017 centrally assessed property tentative assessments for natural gas pipelines in the amount of $2,244,932,900. Upon roll call, all members voted “aye.” Motion carried.

<table>
<thead>
<tr>
<th>Natural Gas Pipelines</th>
<th>Assessed Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALLIANCE PIPELINE LP</td>
<td>139,814,500</td>
</tr>
<tr>
<td>ARCHER DANIELS MIDLAND</td>
<td>92,500</td>
</tr>
<tr>
<td>ARROW PIPELINE LLC</td>
<td>46,889,000</td>
</tr>
<tr>
<td>AUX SABLE MIDSTREAM LLC</td>
<td>27,823,000</td>
</tr>
<tr>
<td>BISON MIDSTREAM LLC</td>
<td>69,949,000</td>
</tr>
<tr>
<td>BISON PIPELINE LLC</td>
<td>53,980,500</td>
</tr>
<tr>
<td>CALIBER MIDSTREAM PARTNERS LP</td>
<td>47,937,500</td>
</tr>
<tr>
<td>CRESTWOOD CRUDE LOGISTICS LLC</td>
<td>4,875,000</td>
</tr>
<tr>
<td>DAKOTA GASIFICATION CO</td>
<td>8,931,500</td>
</tr>
<tr>
<td>DAKOTA GASIFICATION CO - SNG ANTELOPE PIPELINE</td>
<td>3,043,000</td>
</tr>
<tr>
<td>DAKOTA GASIFICATION CO - SNG HEBRON PIPELINE</td>
<td>5,135,500</td>
</tr>
<tr>
<td>DAKOTA MIDSTREAM LLC - NATURAL GAS</td>
<td>9,768,000</td>
</tr>
<tr>
<td>HESS BAKKEN INVESTMENTS II LLC</td>
<td>48,933,000</td>
</tr>
<tr>
<td>HESS NORTH DAKOTA EXPORT LOGISTICS LLC</td>
<td>9,762,500</td>
</tr>
<tr>
<td>HESS NORTH DAKOTA PIPELINES LLC</td>
<td>418,094,000</td>
</tr>
<tr>
<td>HESS TIOGA GAS PLANT, LLC</td>
<td>20,335,000</td>
</tr>
<tr>
<td>HILAND PARTNERS HOLDING LLC</td>
<td>133,039,000</td>
</tr>
<tr>
<td>MEADOWLARK MIDSTREAM COMPANY, LLC</td>
<td>122,187,000</td>
</tr>
<tr>
<td>ND LAND HOLDINGS LLC</td>
<td>9,165,500</td>
</tr>
<tr>
<td>NORTHERN BORDER PIPELINE COMPANY</td>
<td>107,453,500</td>
</tr>
<tr>
<td>ONEOK ROCKIES MIDSTREAM LLC</td>
<td>521,336,000</td>
</tr>
<tr>
<td>PARADIGM ENERGY PARTNERS LLC</td>
<td>19,520,000</td>
</tr>
<tr>
<td>PECAN PIPELINE (NORTH DAKOTA) INC</td>
<td>67,977,000</td>
</tr>
<tr>
<td>PETRO HUNT ET AL LLC</td>
<td>33,400</td>
</tr>
<tr>
<td>PETRO HUNT LLC</td>
<td>9,466,000</td>
</tr>
<tr>
<td>QEP FIELD SERVICES COMPANY <em>Part of Whiting Acquisition</em></td>
<td>41,706,500</td>
</tr>
<tr>
<td>Company Name</td>
<td>Assessed Values</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>QEPM GATHERING I LLC <em>New in 2016</em></td>
<td>9,219,000</td>
</tr>
<tr>
<td>RED RIVER ENERGY LLC</td>
<td>93,500</td>
</tr>
<tr>
<td>ROUGHRIDER PIPELINE CO</td>
<td>224,000</td>
</tr>
<tr>
<td>STATOIL OIL &amp; GAS LP</td>
<td>66,219,500</td>
</tr>
<tr>
<td>STERLING ENERGY INVESTMENTS LLC</td>
<td>100,500</td>
</tr>
<tr>
<td>TARGA BADLANDS LLC</td>
<td>108,667,500</td>
</tr>
<tr>
<td>USG MIDSTREAM BAKKEN I LLC</td>
<td>28,885,500</td>
</tr>
<tr>
<td>USG WHEATLAND PIPELINE LLC</td>
<td>3,675,000</td>
</tr>
<tr>
<td>VIKING GAS TRANSMISSION</td>
<td>143,000</td>
</tr>
<tr>
<td>WBI ENERGY TRANSMISSION INC</td>
<td>42,347,000</td>
</tr>
<tr>
<td>WHITING PETROLEUM CORP <em>Part of Whiting Acquisition</em></td>
<td>10,841,000</td>
</tr>
<tr>
<td>XTO ENERGY INC</td>
<td>27,270,000</td>
</tr>
</tbody>
</table>

**Total 2017**

2,244,932,900

State Supervisor of Assessments, Linda Leadbetter, reported on the 2017 tentative assessments for oil pipeline companies. It was moved by Treasurer Schmidt and seconded by Commissioner Goehring that the Board approve the assessments of the oil pipelines in the amount of $1,921,083,000. Upon roll call, all members voted “aye.” Motion carried.
Ms. Leadbetter gave an overview of the tentative assessments for railroad companies. It was moved by Treasurer Schmidt and seconded by Commissioner Rauschenberger that the Board approve the 2017 tentative assessments for railroad companies in the amount of $497,214,500. Upon roll call, all members voted “aye.” Motion carried.

<table>
<thead>
<tr>
<th>Railroad Companies</th>
<th>Assessed Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>BNSF RAILROAD COMPANY</td>
<td>335,500,000</td>
</tr>
<tr>
<td>DAKOTA, MISSOURI VALLEY &amp; WESTERN RAILROAD</td>
<td>32,347,000</td>
</tr>
<tr>
<td>DAKOTA NORTHERN RAILROAD INC</td>
<td>718,500</td>
</tr>
<tr>
<td>NORTHERN PLAINS RAILROAD INC.</td>
<td>2,521,500</td>
</tr>
<tr>
<td>RED RIVER VALLEY &amp; WESTERN RAILROAD COMPANY</td>
<td>28,809,000</td>
</tr>
<tr>
<td>SOO LINE RAILROAD COMPANY</td>
<td>97,318,500</td>
</tr>
<tr>
<td><strong>Total 2017</strong></td>
<td><strong>497,214,500</strong></td>
</tr>
</tbody>
</table>

Ms. Leadbetter reported on the 2017 tentative assessment for electric and gas utility companies. It was moved by Commissioner Rauschenberger and seconded by Commissioner Goehring that the Board approve the 2017 tentative assessments for electric and gas utility companies in the amount of $418,384,428. Upon roll call, all members voted “aye.” Motion carried.

<table>
<thead>
<tr>
<th>Electric and Gas Utility Companies</th>
<th>Assessed Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>XCEL ENERGY SERVICES INC</td>
<td>134,787,500</td>
</tr>
<tr>
<td>MONTANA DAKOTA UTILITIES</td>
<td>190,494,500</td>
</tr>
<tr>
<td>OTTER TAIL POWER COMPANY</td>
<td>91,701,000</td>
</tr>
<tr>
<td>MINNKOTA POWER COOP INC</td>
<td>311,928</td>
</tr>
<tr>
<td>RAINBOW ENERGY MARKETING CORPORATION</td>
<td>22,500</td>
</tr>
<tr>
<td>NORTHWESTERN CORP</td>
<td>1,067,000</td>
</tr>
</tbody>
</table>
The wind generation companies were next on the agenda. Ms. Leadbetter gave an overview of the tentative 2017 assessments. It was moved by Commissioner Goehring and seconded by Treasurer Schmidt that the Board approve the 2017 tentative assessments for wind generation companies in the amount of $661,722,400. Representatives for wind companies, Tatanka Wind Power, LLC, Velva Windfarm, LLC and Rugby Wind, LLC were Tom Russell, Kristin Broyer and Aaron Rotkowski participating via telephone. The representatives expressed concern with the current valuation method and expressed hope to work with the Tax Commissioner’s Office to consider weight on the income approach in the future. Commissioner Rauschenberger commented that the valuation method has been consistent over the past years and that new wind farms are not valued under this section of code and are taxed based on a formula. Upon roll call, all members voted “aye.” Motion carried.

<table>
<thead>
<tr>
<th>Wind Generation Companies</th>
<th>Assessed Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>MONTANA DAKOTA UTILITIES</td>
<td>16,762,000</td>
</tr>
<tr>
<td>ASHTABULA WIND II LLC</td>
<td>73,898,500</td>
</tr>
<tr>
<td>ASHTABULA WIND III LLC</td>
<td>29,153,500</td>
</tr>
<tr>
<td>ASHTABULA WIND LLC</td>
<td>76,402,500</td>
</tr>
<tr>
<td>BALDWIN WIND LLC</td>
<td>47,218,500</td>
</tr>
<tr>
<td>FPL ENERGY BURLEIGH COUNTY WIND LLC</td>
<td>14,951,000</td>
</tr>
<tr>
<td>FPL ENERGY NORTH DAKOTA WIND LLC</td>
<td>12,002,500</td>
</tr>
<tr>
<td>LANGDON WIND LLC</td>
<td>51,057,500</td>
</tr>
<tr>
<td>LANGDON WIND II LLC</td>
<td>22,817,000</td>
</tr>
<tr>
<td>FPL ENERGY OLIVER WIND I LLC</td>
<td>20,586,000</td>
</tr>
<tr>
<td>FPL ENERGY OLIVER WIND II LLC</td>
<td>23,433,500</td>
</tr>
<tr>
<td>WILTON WIND II LLC</td>
<td>31,912,500</td>
</tr>
<tr>
<td>OTTER TAIL POWER COMPANY</td>
<td>35,385,000</td>
</tr>
<tr>
<td>OTTER TAIL POWER COMPANY Langdon Wind Energy Center</td>
<td>22,202,000</td>
</tr>
<tr>
<td>OTTER TAIL POWER COMPANY Luverne Windy Energy Center</td>
<td>23,991,000</td>
</tr>
<tr>
<td>PRAIRIEWINDS ND1 INC</td>
<td>57,209,500</td>
</tr>
<tr>
<td>RUGBY WIND LLC</td>
<td>56,621,000</td>
</tr>
<tr>
<td>TATANKA WIND POWER LLC</td>
<td>44,464,900</td>
</tr>
<tr>
<td>VELVA WINDFARM LLC</td>
<td>1,654,000</td>
</tr>
</tbody>
</table>

Total 2017                                                                                     661,722,400

Ms. Leadbetter reported on the 2017 tentative assessments for electric distribution companies. It was moved by Treasurer Schmidt and seconded by Commissioner Goehring that the Board approve the 2017 tentative assessments for electric distribution companies in the amount of $9,437,060.93. Upon roll call, all members present voted “aye.” Motion carried.
### Electric Distribution Tax

<table>
<thead>
<tr>
<th>Electric Distribution Tax</th>
<th>Assessed Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burke-Divide Electric Coop</td>
<td>$ 201,637.88</td>
</tr>
<tr>
<td>Capital Electric Coop</td>
<td>$ 271,145.46</td>
</tr>
<tr>
<td>Cass County Electric Coop</td>
<td>$ 930,938.13</td>
</tr>
<tr>
<td>Cavalier Rural Electric Coop</td>
<td>$ 25,910.10</td>
</tr>
<tr>
<td>Dakota Valley Electric Coop</td>
<td>$ 510,094.38</td>
</tr>
<tr>
<td>Goldenwest Electric Coop</td>
<td>$ 22,158.22</td>
</tr>
<tr>
<td>KEM Electric Coop</td>
<td>$ 62,891.33</td>
</tr>
<tr>
<td>Lower Yellowstone Rural Elec.</td>
<td>$ 48,372.96</td>
</tr>
<tr>
<td>McKenzie Electric Coop</td>
<td>$ 2,268,196.52</td>
</tr>
<tr>
<td>McLean Electric Coop</td>
<td>$ 99,697.97</td>
</tr>
<tr>
<td>Mor-Gran-Sou Electric Coop</td>
<td>$ 122,165.97</td>
</tr>
<tr>
<td>Mountrail-Williams Electric</td>
<td>$ 2,081,328.46</td>
</tr>
<tr>
<td>Nodak Electric Coop</td>
<td>$ 845,989.61</td>
</tr>
<tr>
<td>North Central Electric Coop</td>
<td>$ 175,122.06</td>
</tr>
<tr>
<td>Northern Plains Electric Coop</td>
<td>$ 360,644.02</td>
</tr>
<tr>
<td>Roughrider Electric Cooperative</td>
<td>$ 584,728.52</td>
</tr>
<tr>
<td>Sheridan Electric Coop</td>
<td>$ 27,403.22</td>
</tr>
<tr>
<td>Slope Electric Coop</td>
<td>$ 342,953.20</td>
</tr>
<tr>
<td>Traverse Electric Coop</td>
<td>$ 305.98</td>
</tr>
<tr>
<td>Verendrye Electric Coop</td>
<td>$ 455,376.94</td>
</tr>
</tbody>
</table>

**Total 2017** $ 9,437,060.93

Ms. Leadbetter gave an overview of the tentative 2017 assessments for electric transmission companies. There is no report filed for Central Power and the hope is to have the report at a future meeting. It was moved by Commissioner Goehring and seconded by Auditor Gallion that the Board approve the 2017 tentative assessments for electric transmission companies in the amount of $1,637,760.30. Upon roll call, all members voted “aye.” Motion carried.

### Electric Transmission Tax

<table>
<thead>
<tr>
<th>Electric Transmission Tax</th>
<th>Assessed Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALLETE, Inc. (d/b/a Minnesota Power)</td>
<td>$ 102,361.70</td>
</tr>
<tr>
<td>Basin Electric Power Coop.</td>
<td>$ 476,792.00</td>
</tr>
<tr>
<td>Brady Wind, LLC</td>
<td>Exempt 2016</td>
</tr>
<tr>
<td>Central Power Electric Coop</td>
<td>No ReportSubmitted</td>
</tr>
<tr>
<td>Goldenwest Electric Coop.</td>
<td>$ 990.00</td>
</tr>
<tr>
<td>Grand Electric Cooperative, Inc.</td>
<td>$ 3,200.00</td>
</tr>
<tr>
<td>Great River Energy</td>
<td>$ 272,026.52</td>
</tr>
<tr>
<td>KEM Electric Coop.</td>
<td>$ 6,078.33</td>
</tr>
<tr>
<td>Lower Yellowstone Rural Elec.</td>
<td>$ 1,774.90</td>
</tr>
</tbody>
</table>
McKenzie Electric Coop. $ 75,581.40
Minnkota Power Coop. $ 382,225.98
Montana-Dakota Utilities Co. $ 8,907.30
Moorhead Public Service $ 1,746.00
Mor-Gran-Sou Electric Coop. $ 31,405.08
Mountrail-Williams Electric Coop. $ 63,191.97
NextEra - Ashtabula Wind, LLC $ 3,688.00
NextEra - Ashtabula Wind II, LLC $ 3,608.40
Oliver Wind III, LLC Exempt 2016
Otter Tail Power Company $ 14,052.75
Roughrider Electric Cooperative $ 24,690.97
Rugby Wind, LLC $ 3,072.00
Sheridan Electric Coop. $ 13,360.00
Slope Electric Coop. $ 13,382.00
Square Butte Electric Cooperative $ 1,327.20
Tatanka Wind Power, LLC $ 3,846.00
Upper Missouri G&T Electric Coop. $ 2,197.50
Northern States Power Co. (dba Xcel Energy) $ 17,322.00

Total 2017 $ 1,637,760.30

Ms. Leadbetter reported on the 2017 tentative assessments for electric generation from wind companies. It was moved by Commissioner Goehring and seconded by Auditor Gallion that the Board approve the 2017 tentative assessments for electric generation from wind companies in the amount of $4,894,424.21. Upon roll call, all members voted “aye.” Motion carried.

**Electric Generation from Wind Tax**

<table>
<thead>
<tr>
<th>Electric Generation from Wind Tax</th>
<th>Assessed Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALLETE, Inc. (dba Minnesota Power)</td>
<td>$ 2,117,183.25</td>
</tr>
<tr>
<td>Brady Wind, LLC</td>
<td>$ 421,534.97</td>
</tr>
<tr>
<td>Brady Wind II, LLC</td>
<td>$ 381,703.57</td>
</tr>
<tr>
<td>BWF Wind (Northern States Power Co)</td>
<td>$ 686,112.90</td>
</tr>
<tr>
<td>Courtnay Wind (Northern States Power Co)</td>
<td>$ 543,191.50</td>
</tr>
<tr>
<td>Minnkota Power Coop.</td>
<td>$ 7,104.52</td>
</tr>
<tr>
<td>Montana-Dakota Utilities Co. (Thunderspirit)</td>
<td>$ 487,222.00</td>
</tr>
<tr>
<td>Oliver Wind III, LLC</td>
<td>$ 250,371.50</td>
</tr>
</tbody>
</table>

Total 2017 $ 4,894,424.21
Ms. Leadbetter gave an overview of the tentative 2017 assessments for electric generation (from sources other than wind and coal) companies. It was moved by Commissioner Rauschenberger and seconded by Commissioner Goehring that the Board approve the 2017 tentative assessments for electric generation (from sources other than wind and coal) companies in the amount of $1,280,275.32. Upon roll call, all members voted “aye.” Motion carried.

### Electric Generation Tax (from sources other than wind and coal)

<table>
<thead>
<tr>
<th>Company</th>
<th>Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Electric Power Cooperative</td>
<td>$1,139,679.00</td>
</tr>
<tr>
<td>Minnkota Power Coop.</td>
<td>$10,112.54</td>
</tr>
<tr>
<td>OREG 1 – Ormat Technology</td>
<td>$46,189.58</td>
</tr>
<tr>
<td>OREG 2 – Ormat Technology</td>
<td>$84,294.20</td>
</tr>
</tbody>
</table>

Total 2017: $1,280,275.32

Ms. Leadbetter gave an overview of the telecommunication companies. It was moved by Commissioner Rauschenberger and seconded by Auditor Gallion to approve the 2017 gross receipts taxes in the amount of $10,280,957.42. Upon roll call, all members voted “aye.” Motion carried.

It was moved by Treasurer Schmidt and seconded by Commissioner Goehring that the Board approve the State Medical Center Resolution as follows:

### STATE MEDICAL CENTER RESOLUTION

WHEREAS, ARTICLE X, SECTION 10 of the North Dakota Constitution requires that a one mill levy on all taxable property within the State shall be spread for the purpose of establishing a Medical Center at the University of North Dakota

THEREFORE, BE IT RESOLVED, that a Medical Center levy for the year of 2017 is hereby levied at a rate of one mill on each dollar of net taxable valuation of all property subject to the general property tax for the year 2017.

Upon roll call, all members voted “aye.” Motion carried.

Commissioner Rauschenberger stated the Board would be meeting in the Brynhild Haugland Room; Ground Floor of the Capitol, Tuesday, August 8, 2017, at 8:30 a.m. with the review of locally assessed property beginning at 9:30 a.m. Ms. Leadbetter gave a brief overview of what to expect at the locally assessed property meeting.

Commissioner Rauschenberger thanked the property tax division staff for its work compiling the presented information.
There being no further business before the Board, Commissioner Goehring moved and Auditor Gallion seconded to adjourn the meeting. Upon voice vote, all members voted “aye.” Meeting adjourned at 3:38 p.m.
The State Board of Equalization met in the Brynhild Haugland Room of the State Capitol Tuesday, August 8, 2017, at 8:30 a.m.

The following members were present:
Governor Doug Burgum, Chairperson
Kelly Schmidt, State Treasurer
Joshua Gallion, State Auditor
Doug Goehring, Commissioner of Agriculture
Ryan Rauschenberger, Tax Commissioner and Secretary of the State Board of Equalization

It was moved by Treasurer Schmidt and seconded by Commissioner Goehring to approve the minutes of the August 1, 2017, meeting. Governor Burgum requested to be recused from the vote to approve the minutes of the previous meeting as he was not in attendance. Upon voice vote, all participating members voted “aye.” Motion carried.

The first item on the agenda was the Liberty Resources assessment. Megan McCage participated via telephone. Ms. McCage requested the right of way be removed from Liberty Resources’ assessment and cited N.D.C.C. § 57-06-03 to support the request. Commissioner Rauschenberger requested a copy of Liberty Resources’ lease agreement with landowners to look into the issue further. Commissioner Rauschenberger did state it has been a common practice to include right of way as a historical reference for other board members. Ms. McCage agreed to provide a copy of the lease agreement to the Property Tax Division.

The meeting recessed at 8:41 a.m.

The meeting reconvened at 9:30 a.m. Governor Burgum welcomed participants, thanked Commissioner Rauschenberger and the Tax Department employees for their work and called the meeting to order.

Commissioner Rauschenberger went through a couple procedural items, identified restrooms and emergency exits.

The meeting was then turned over to Linda Leadbetter, Supervisor of Assessments to provide an update on spot checks that have been ordered by the State Board of Equalization.

Ms. Leadbetter provided an update on Foster County’s progress to obtain a complete reassessment of properties in Foster County. Vanguard Appraisals will complete the
reassessment in 2018 for the 2020 assessment year. It was reported Foster County is meeting the requirements as ordered by the State Board of Equalization at this time.

A spot check was ordered by the State Board of Equalization for Mountrail County. Property Tax Specialist, Dustin Bakken reported the findings of the spot check to ensure properties in Mountrail County were being treated equally in respect to real vs. personal property to the board and the process of making the determination based on company reporting practices.

Commissioner Rauschenberger welcomed those in attendance and explained the purpose of the meeting. He asked all speakers be mindful of the large number of presentations on the agenda.

Ms. Leadbetter reviewed the tolerance level adopted for use by the State Board of Equalization for locally assessed property. The tolerance level was established as 90 to 100 percent for agriculture, commercial and residential assessments. She stated any ratio outside tolerance by less than half a percent above 100 percent would not be required to make an adjustment. All ratios outside of the tolerance level would be investigated by the Property Tax Division and a recommendation would be made to the Board at the meeting in September.

Testimony began with Towner County. No one spoke on behalf of Towner County, Traill County, Walsh County or Ward County.

The City of Minot requires an 11.40 percent increase for commercial property to reach 100 percent. No one spoke on behalf of the City of Minot. The City of Minot Assessor, Kevin Ternes, did provide a written response prior to the meeting. The investigation will be assigned to members of the Property Tax Division.

Wells County requires an 11.50 percent increase for residential property to reach 100 percent. No one spoke on behalf of Wells County.

It was noted there were two appeals in Williams County. Will Brown, of Complex Property Tax Specialists, representing C & J Spec-Rent Services (FKA, Superior Well Services) protest the assessment of a man-camp within Williams County. ARCP CO TIOGA ND LLC by Coburn’s Inc., presented by J.W. Chatam & Associates, disputes the assessment on Cash Wise Foods in the City of Tioga. No one spoke on behalf of the appeals for Williams County.

The City of Williston requires an increase of 27.40 percent for commercial property to reach 100 percent. Darcy Anderson, Williams County Tax Director and City of Williston Assessor addressed the Board. Ms. Anderson explained the Williams County office of Tax Equalization received 71 out of 100 requests for income and expense information from area apartments. This information was used to build their assessment model using the income approach. Currently, apartments make up one-third of the commercial property within the City
of Williston. Using the model, apartments were reduced on average 28 percent and hotels were reduced 25 percent, using the cost and sales approaches.

Todd Shebesta of CTMI, LLC submitted appeals protesting the assessments for Prairie Pines at the Ridge, The Bluffs at Williston, Ramada Inn Williston, and Prairie Vista Apartments. Ethan Horn, of Ryan Property Tax, submitted appeals protesting the assessments for Regency Apartment Homes, University Commons, IRET Williston Gardens, IRET Renaissance Heights, Northgate Apartments and Dakota Commons. No one spoke on behalf of these appeals for the City of Williston.

Brett Taber, manager representing Fair Hills Apartments in Williston presented materials and addressed the Board. Mr. Taber protests the assessment on the Fair Hills apartment complex. Fair Hills is seeking a valuation based on current market rates.

No one spoke on behalf of Adams County.

Barnes County requires an increase of 10.39 percent for agriculture property to reach 100 percent. Due to rounding practices, no change will be required.

Howard Rasmussen addressed the board contending the residential classification of a structure located on agricultural land in Barnes County.

Stacie Hanson-Leier, the Barnes County Tax Director, addressed the Board. She addressed the commission cutting the agricultural land tolerance too close. As for Mr. Rasmussen’s property, the Barnes County Tax Equalization office perceives the structure is residential based on the way it was constructed and stated the Board has supported this in the past. The property has not been inspected in the past 2 years. If the property is added onto, she can re-evaluate the property.

No one spoke on behalf of the City of Valley City or Benson County.

Billings County requires an increase of 17.60 percent on commercial property to reach 100 percent.

Stacy Swanson, Billings County Tax Director addressed the Board. Ms. Swanson asked the Board to review the written testimony she submitted in response to the indicated change of commercial property within Billings County. She also stated the appellant from Billings County who submitted the written appeal did not appeal to the local level boards of equalization.

Anita Kessel submitted a written appeal disputing the assessment and classification change of a parcel in Billings County. No one spoke on behalf of the Kessel appeal.

Ms. Leadbetter stated during staff investigations, members of the Property Tax Division will ensure all requirements of the appeal process were met before a recommendation is presented to the State Board of Equalization in September.
Bottineau County requires an increase of 10.86 percent for agriculture property and an increase of 10.20 percent for residential property to reach 100 percent. No one spoke on behalf of Bottineau County.

No one spoke on behalf of Bowman County.

No one spoke on behalf of the indicated change levels for Burke County.

Marlow Nelson, representing Cleary Township, presented the Board with his concerns in regard to the implementation of the soils valuation method in Burke County. Mr. Nelson expressed concern with the soil values used in the valuation schedule, breakpoint methodology and the effect of the decrease in value on the Powers Lake School District. Mr. Nelson requested more time to form a soils committee and go through the soils to correct the issues. Commissioner Goehring advised Mr. Nelson to encourage Burke County to set up a soils committee to move forward with the soils method. Treasurer Schmidt reminded Mr. Nelson that until Burke County is in compliance with the soil survey, some state aid will continue to be withheld. Commissioner Rauschenberger thanked Mr. Nelson for presenting his concerns and stated he would look into what the Board could possibly do in this type of situation.

Mike Andrews, on behalf of Basin Transload, Soo Line and Global Companies and its parent Global Partners along with Ray Sheldon, the general manager of Basin Transload addressed the Board. Mr. Andrews gave a brief history of the appeal of Basin Transload’s assessment in the past. Mr. Andrews and Mr. Sheldon addressed the differing treatment of external obsolescence by the appraiser and county as well as the failure to exclude nontaxable property, the duplication of assessments and the failure to document the basis for the increase in valuation. Mr. Andrews and Mr. Sheldon asked the Board to reject the appraisal done by Thos. Y Pickett & Co. and to accept the appraisal they submitted.

Commissioner Rauschenberger thanked Mr. Andrews and Mr. Sheldon for the information provided. He stated for the Board’s benefit, that the issue at hand is real versus personal property and according to North Dakota tax law, personal property is not taxable.

Kris Hillaert, Burke County Tax Director, addressed the Board. Ms. Hillaert addressed the implementation of the soil survey program. She implemented, with the commission’s approval, a drained/un-drained productivity index for four soils. The commission also voted to not use modifiers and land use in February. The county board did say, if they had enough concerned citizens, they would consider putting together a soils committee. All acreage was verified with FSA and 65 percent of the townships, along with the county commission voted to accept the new ag values as presented by Ms. Hillaert. Ms. Hillaert explained the methodology to determine the breakpoint. Governor Burgum asked for clarification on how a breakpoint is reached. Dustin Bakken addressed the Board and briefly described how a breakpoint is determined and used.
Ms. Hillaert called upon Mr. Robert T. (Bob) Lehn, Executive President of Thos. Y Pickett & Co., to address the Board in regard to the Basin Transload appeal. Mr. Lehn addressed the Board and discussed the adherence to past State Board of Equalization recommendations as well as the variance in state requirements across the United States concerning the removal of personal property. Commissioner Goehring asked Mr. Lehn what makes the Basin facility different from other railroad facilities. Mr. Lehn referred to Mr. Sheldon to answer specific questions about his facility for proprietary reasons but did discuss commonality between crude by rail facilities as a whole and what is typically considered real property. Governor Burgum asked if there is a simple way to explain the difference in value between Mr. Lehn’s appraisal and that of the appraisal submitted by Basin Transload. Mr. Lehn could not explain the difference in value as he had not reviewed the assessment as presented by Basin Transload.

No one spoke on behalf of Burleigh County.

It was noted appeals had been submitted for the City of Bismarck by J.W. Chatam & Associates representing TJ Real Estate III LLP by Coborn’s Inc, Captain Jack’s Liquor Land 7046 and 7049 as well as Expressway Centre Two LLC by Coborn’s Inc, Cash Wise Foods 3020 and Little Dukes Gas. No one spoke on behalf of the appeals.

Debra Goodsell, Assessor for the City of Bismarck, addressed the Board. She stated she had reviewed the appeals and would be available for questions during the investigation if needed.

Allan Vietmeier, Burleigh County Tax Director, also addressed the Board stating he had reviewed the City of Bismarck’s valuation, conducted on-site inspections and concurs with the value placed by the City of Bismarck.

The meeting was recessed for a 10 minute break by Governor Burgum at 11:45 a.m.

The meeting reconvened at 11:56 a.m.

No one spoke on behalf of Cass County.

It was noted appeals had been submitted for the City of Fargo by J.W. Chatam & Associates representing Coborn’s Incorporated, Cash Wise Foods 3012 and Little Dukes Gas/Liquor and by Michael Byrnes of Marvin F. Poer and Company representing Case Equipment Corporation. No one spoke on behalf of either appeal.

Ben Hushka, Fargo City assessor, addressed the Board. He discussed the appeal materials and the popularity of appealing dark stores Mr. Hushka provided information of operating stores within the same markets as the Cash Wise property being appealed and the comparable properties as submitted by J.W. Chatam & Associates.

Governor Burgum asked if comparable properties include big box stores or just grocery stores and encouraged care when looking at the crossover between retail and grocery stores. Mr.
Hushka indicated his staff anticipates changes in the market in the future, but at this time have not seen such changes.

Mr. Hushka also provided sales information for the Case Equipment Corporation property, indicated an interior and exterior inspection was completed and all buildings had been re-measured. He indicated some buildings and square footage were not included in the appraisal by Case Equipment Corporation and that not all parcels included in the appeal information to the State Board of Equalization had vetted the proper channels. The appraisal submitted with the appeal information included errors in procedural appraisal applications and the staff member working on the appeal in the City of Fargo, had reported the appraisal to the Appraisal Board for issues of standards violations. Mr. Hushka and his staff recommend a reduction in value on the main plant based on the completed inspection. In addition, Mr. Hushka noted a large exemption came off the property this year and that the increase in value notice sent was a result of this exemption coming off the property.

Commissioner Rauschenberger addressed Mr. Hushka and stated the State Board of Equalization will look into which parcels completed the proper appeal process.

Treasurer Schmidt asked if there are requirements for out of state appraisers doing business in North Dakota. Donnita Wald, Legal Counsel for the Office of State Tax Commissioner, indicated out of state appraisers must have a temporary license to appraise in North Dakota from the North Dakota Appraisal Board and there are ramifications if the set forth requirements are not followed. Mr. Hushka added that certified appraisers are held to standards by the Appraisal Board however, tax representatives who are not certified appraisers, who submit information that renders an opinion of value but is not a full appraisal, are not held to those standards.

Katrina A. Turman Lang of Turman & Lang, Ltd. representing JDC Development, LLC addressed the Board. Ms. Lang expressed concern on behalf of her client in regard to the increases of land value on two parcels on Amber Valley Parkway within the City of Fargo. Ms. Lang contends the comparable properties used, as well as the use, location and access to the property. JDC Development, LLC had an appraisal done a year ago that considered the use and location of the property. The appraisal done indicated the visibility and access to the property is not suitable for retail spaces, which is how it is valued at this time by the City of Fargo. Ms. Lang, on behalf of JDC Development, LLC, requested the Board to accept the 2017 valuation at the 2016 price.

Ben Hushka, assessor for the City of Fargo, addressed the Board. Mr. Hushka indicated the land South of I-94 was reappraised for 2017. Trends showed land sales increasing and the land values in the area lagging. Mr. Hushka detailed how land value is determined and the aspects taken into consideration to create a land pricing model. He also added, the appraisal
completed for JDC Development, LLC was for financial purposes and recommends no change on both parcels.

Governor Burgum asked if the new hospital open in the Amber Valley Parkway area has affected other commercial properties in the area. Mr. Hushka stated the opening of the hospital is driving the market in that area.

It was noted two appeals were submitted prior to the meeting for the City of West Fargo. Antony Pietrzak protests his residential assessment and J.W. Chatam & Associates representing 32 Holdings LLC c/o Coborn’s Inc, dispute the assessment placed on the Cash Wise Foods 3045 and Little Dukes Gas/Wash within the City of West Fargo. No one spoke on behalf of the appeals.

Nick Lee, Assessor for the City of West Fargo addressed the Board. Mr. Lee indicated information had been submitted to the Board in regard to the appeals. Mr. Lee indicated he looks forward to working with the staff assigned to the appeal from the Property Tax Division.

Pamela LaFrenz, Cavalier County Tax Director, addressed the Board stating all materials for the appeals had been submitted prior to the meeting.

Three appeals were filed for Cavalier County prior to the State Board of Equalization Meeting. No one spoke on behalf of the appeal filed by Darrel and Karen Kempert.

Tom Valentine addressed the Board as a Certified Assessor, on behalf of Fremont Township. The Fremont Township Board disputes the breakpoint methodology used by the county and would like the agricultural land to be assessed based on land use. Mr. Valentine submitted and presented materials defending the viewpoint of the people in Fremont Township. Mr. Valentine also pointed to issues with the County Commissioners.

Governor Burgum thanked Mr. Valentine for his presentation and submitted materials.

No one spoke on behalf of the appeal filed for Cavalier County by Darren Gellner.

Pamela LaFrenz, Cavalier County Tax Director addressed the Board, indicating efforts are being made by the soils committee to correct Ag land productivity index issues throughout the county for 2018. Ms. LaFrenz indicated part of the problem in Fremont Township was they did not have a certified assessor until Tom Valentine became certified 2 years ago. Fremont Township did not have consistent assessments due to assessor turnover in the past.

No one spoke on behalf of Dickey County and Divide County.

Dunn County requires an increase of 10.84 percent for ag land and 15.90 percent for commercial property to reach 100 percent. No one spoke on behalf of Dunn County.
Calvin Dean, the superintendent of South Heart Public schools with district lines falling in Dunn and Stark Counties, addressed the Board. Mr. Dean voiced concerns in regard to falling taxable values and how this will affect taxpayers within the district. Commissioner Rauschenberger asked Mr. Dean clarification questions in regard to the mills being levied and the portion levied from the school bond referendum. Governor Burgum asked if the tax department had school information. Ms. Leadbetter responded that the Department of Public Instruction would be more likely to have the information needed to respond to Mr. Dean’s concerns.

No one spoke on behalf of Eddy County.

Emmons County requires a decrease of 24.10 percent for commercial property and a decrease of 9.00 percent for residential property to reach 100 percent. Ann Bernhardt, Emmons County Tax Director, provided a written response to address the Board. Bob Eihler, Vanguard Appraisals, Inc. addressed the Board. Mr. Eihler indicated a reassessment had been completed. Prior year records were incomplete resulting in many years of new construction being added to the tax roll in 2016.

Two appeals were filed prior to the State Board of Equalization meeting for Emmons County. No one spoke on behalf of the appeals filed by Jerry and Renee Appert.

Irvin Walther addressed the Board regarding his property in the Beaver Bay area, within Emmons County. He provided photos and voiced his disagreement with the increased valuation of his property as it has not been improved.

No one spoke on behalf of Foster County, Golden Valley County or Grand Forks County.

An appeal was filed for the City of Grand Forks by Gil Licudine of Cushman & Wakefield, representing SGO MN MED PARK LLC. A written response was provided by the City of Grand Forks. No one spoke on behalf of the appeal.

Grant County requires a decrease of .38 percent for ag land, a decrease of 3.70 percent for commercial property and a decrease of 1.20 percent for residential property to reach 100 percent. No one spoke on behalf of Grant County.

Griggs County requires an increase of 11.04 percent for ag land property to reach 100 percent. No one spoke on behalf of Griggs County.

No one spoke on behalf of Hettinger County and Kidder County.

LaMoure County requires a decrease of 24.30 percent for commercial property and an increase of 14.90 percent for residential property to reach 100 percent. Bob Ehler, Vanguard Appraisals, Inc. addressed the Board on behalf of the commercial property. Mr. Ehler stated a reassessment of commercial property had been completed in LaMoure County. As a result,
many years of construction was added to the tax roll in 2016 because the property record cards from prior years were incomplete.

No one spoke on behalf of Logan County.

McHenry County requires a decrease of .40 percent for commercial property to reach 100 percent. No one spoke on behalf of McHenry County.

No one spoke on behalf of McIntosh County, McKenzie County and McLean County.

Richard Olson addressed the Board. Mr. Olson disagrees with the methods used by McLean County to place value on residential property in townships that do not have a local assessor. Mr. Olson provided history on the valuation of his home as assessed by a local assessor and when it was turned over to the county to be assessed upon the resignation of the local assessor. Mr. Olson provided the Board a map of the area in question and the external obsolescence applied to surrounding townships. Governor Burgum asked a clarification question to determine the location of Mr. Olson’s property on the map provided. Mr. Olson requested that the Board equalize the tax rates for his area, establish an external obsolescence factor for his township at fifty percent and reduce the true and full of Mr. Olson’s home to half of its current assessment. Mr. Olson also requested to have this factor retroactively applied to his property back to 2014. Mr. Olson requested to be notified of and be allowed to attend the next State Board of Equalization meeting.

Governor Burgum asked Mr. Olson to tell the Board a little more about the process he went through three years ago in regard to his appeal. Mr. Olson detailed the process in 2014 and his concerns with the process at that time. Commissioner Goehring asked Mr. Olson if the township is unorganized, to which Mr. Olson replied no. Commissioner Goehring also asked if other townships assessed by McLean County have an external obsolescence factor applied or if it is zero. Mr. Olson replied that to his knowledge, all townships assessed by McLean County have a zero external obsolescence factor. Commissioner Rauschenberger asked Mr. Olson to confirm he went through the local boards of equalization before appearing in front of the State Board of Equalization to which Mr. Olson responded he had appealed at the local levels as required.

Mercer County requires a decrease of .06 percent for agricultural land and an increase of 11.40 percent for residential property to reach 100 percent. No one spoke on behalf of Mercer County.

No one spoke on behalf of the assessments in Morton County.

The City of Mandan requires a decrease of .50 percent for commercial property to reach 100 percent. No one spoke on behalf of the City of Mandan.

Mountrail County requires an increase of 29.80 percent for commercial property to reach 100 percent. Lori Hanson, Mountrail County Tax Director, addressed the Board. Ms. Hanson
stated, due to the downturn in the oil economy, the industrial properties in Mountrail County have heavily affected the sales ratio. If the industrial properties are removed, the remaining commercial property is within tolerance. Ms. Hanson did offer to provide information in regard to personal versus real property for the rail loading facilities in Mountrail County if the Board wishes to review it. Ms. Hanson also addressed the issue of Mountrail County being out of compliance with the detailed soil survey program. Soils were implemented this year using the breakpoint method; however the County Board of Equalization voted to revert to the 2016 agricultural land values after testimony from some townships in Mountrail County. Currently, a soils committee is being formed to study the soils as well as actual land use.

Four appeals were filed prior to the State Board of Equalization. Todd Shebesta, of CTMI, LLC filed two appeals, representing the owners of the Stanley Apartment Complex and Stanley Square Apartment Complex in the City of Stanley. Susan Spaeth, the City of Stanley assessor, provided a written response to the appeals and addressed the Board. Ms. Spaeth stated the appeals were denied at the city and county levels and lacked comparable sales information. Assessor Spaeth requested that the Board uphold her valuation of the properties.

No one spoke on behalf of the appeal filed by Frank Evans.

J.W. Chatam & Associates, representing ARC COSTNND001, LLC by Coborn’s Inc. filed an appeal on Cash Wise Foods 3047 in the City of Stanley. Susan Spaeth, the City of Stanley assessor, provided a written response to the appeals and addressed the Board. Ms. Spaeth stated the appeal did not provide comparable properties in the Stanley market and requested the value be accepted by the Board as placed. Commissioner Goehring asked Ms. Spaeth if she knew the number of retail sales of Cash Wise in Stanley. Ms. Spaeth said she did not, and that she did not receive further information from Cash Wise after requesting it.

Phyllis Jorde and Marc Halverson filed appeals prior to the State Board of Equalization meeting. No one spoke on behalf of the appeals. A written response from Nelson County was provided in response to Mr. Halverson’s appeal.

Rodney Brossart, property owner in Nelson County, addressed the Board. Mr. Brossart expressed concerns regarding the non-use of modifiers and the equalization of ag land assessments in Nelson County. Mr. Brossart stated he was not provided with the property cards he requested because he was told by Michelle Linstad, Nelson County Tax Director; they were not ready when requested. He did receive property record cards for his property two days prior to the equalization meeting. Commissioner Goehring asked Mr. Brossart if a soils committee could be formed to help with some of the issues and encouraged him to reach out to the Office of State Tax Commissioner’s office to encourage the formation of said committee.

Michelle Linstad, Nelson County Tax Director, provided a packet of information on Mr. Brossart’s property and addressed the Board. Ms. Linstad stated she gave Mr. Brossart the information as timely as possible and had the soils company set up a login and password for him.
so he could view details for each parcel. Ms. Linstad stated Nelson County missed the deadline to submit modifiers for approval this year and could not speak to if the County Commissioners will choose to use them in the future or not.

Oliver County requires a decrease of .01 percent for ag land, an increase of 92.70 percent for residential property and an increase of 29.70 percent for commercial property to reach 100 percent. Teri Schulte, Oliver County Tax Director, addressed the Board stating she would work to find any errors in her reporting. Ms. Schulte also stated all new values from the reappraisal done by Vanguard Appraisals, Inc. will be in place for 2018.

Pembina County requires an increase of 19.00 percent for commercial property to reach 100 percent. No one spoke on behalf of Pembina County.

Ted Mertz addressed the Board regarding his property being reclassified from ag to commercial. The property has been rezoned to A2 and platted into one acre lots. Roads have been built and a water source has been established for the lots for sale. Mr. Mertz feels only two or three of the criteria to reclassify ag land to commercial land is met for his unsold waterfront lots. Commissioner Rauschenberger asked for clarification as to the timeline of reclassification. Commissioner Goehring asked Mr. Mertz if he was told when property is subdivided that he would be experiencing a different valuation. Mr. Mertz said he was not aware the valuation would be different after the land was subdivided. Commissioner Rauschenberger stated there is a limitation to business planning advice the Board can give, however they can look into whether or not property is properly classified.

Kelsey Siegler, Pierce County Tax Director, addressed the Board. Ms. Siegler stated obsolescence is being considered for Mr. Mertz’s lots and she is willing to work with the Board to ensure the classification of property is being administered correctly. Ms. Siegler also stated she is more than willing to provide information on the methodology used to reach the assessment on Mr. Mertz’s property.

No one spoke on behalf of Ramsey County, the City of Devils Lake, Ransom County, Renville County, Richland County or the City of Wahpeton.

Rolette County requires an increase of 11.59 percent for agricultural land to reach 100 percent. No one spoke on behalf of Rolette County.

Sargent County requires a decrease for commercial property of 43.70 percent and an increase of 12.50 percent for residential property to reach 100 percent. Sandra Hanson, Sargent County Tax Director, addressed the Board. Due to a lack of property record cards when she was appointed Tax Director, the Commissioners decided to move forward with a reassessment for commercial property. Ms. Hanson stated the reassessment of commercial property in Sargent County was complete and twenty years of new construction was added to the tax roll. Ms.
Hanson asked that the Board allow her to work with the Property Tax Division to show the commercial property is within compliance.

Dan McKeever, the Mayor of the City of Gwinner, addressed the Board regarding the assessments in the City of Gwinner. Mr. McKeever stated, on behalf of the City of Gwinner, there are three areas that concern the city. One, the variation and inconsistency of land values, two, the lack of data establishing front foot values and three, the lack of sales data. Mr. McKeever stated the members of the committee representing the City of Gwinner, feel the structure values are in line but are concerned with the variation in land valuations. Mr. McKeever requested the re-evaluation be extended for one year to work with county to ensure values are right.

Sandra Hanson, Sargent County Tax Director, addressed the board regarding Mr. McKeever and the City of Gwinner’s concerns. Ms. Hanson stated the issues brought to the Board would be looked at during the next assessment cycle.

Bob Ehler, of Vanguard Appraisals, Inc., also addressed the Board and stated the process of land valuation was provided to property owners through the letter of transmittal.

No one spoke on behalf of Sheridan County.

Sioux County requires an increase for commercial property of 12.70 percent and a decrease of .10 percent for residential property to reach 100 percent. No one spoke on behalf of Sioux County.

No one spoke on behalf of Slope County and Stark County.

Three appeals were filed for the City of Dickinson. Ethan Horn, Ryan Property Tax, representing Dickinson Properties, LLC, FW Townhouses, LLC and S & B Apartments 1, LLC contests the assessments placed on commercial property within the City of Dickinson. No one spoke on behalf of the appeals.

Joe Hirschfield, City of Dickinson assessor, addressed the Board. Mr. Hirschfield said a request for income information was sent to the properties but was not returned, so the income approach was not used due to lack of income information. Mr. Hirschfield also indicated a gas leak at the Sierra Ridge property could skew data for the 2016 year.

Steele County requires an increase of 10.36 percent for agricultural and an increase of 10.89 percent for commercial property to reach 100 percent. No one spoke on behalf of Steele County.

No one spoke on behalf of Stutsman County.

The City of Jamestown requires an increase of 11.70 percent to reach 100 percent for commercial property. No one spoke on behalf of the City of Jamestown.
Governor Burgum thanked attendees, the tax department and the members of the Board.

Commissioner Rauschenberger also thanked the attendees and tax department employees for attending. Commissioner Rauschenberger stated final recommendations will be heard on September 27, 2017.

Governor Burgum asked for any additional business. No other business was presented to the Board.

Commissioner Goehring made a motion to adjourn, Auditor Gallion seconded. Meeting adjourned at 3:03pm.
The State Board of Equalization met in the Peace Garden Room of the North Dakota State Capitol Building Wednesday, September 27, 2017 at 2:37 p.m.

The following members were present:
  Governor Doug Burgum, Chairperson
  Kelly Schmidt, State Treasurer
  Joshua Gallion, State Auditor
  Ryan Rauschenberger, Tax Commissioner and
  Secretary of the State Board of Equalization

The meeting was called to order by Governor Burgum. It was moved by Treasurer Schmidt and seconded by Auditor Gallion to approve the minutes of the August 8, 2017 meeting. Upon roll, call all members present voted “aye.”

Commissioner Rauschenberger referred to Linda Leadbetter, State Supervisor of Assessments, to note the correct assessments for American Midstream GP, LLC and Oasis Midstream Services, LLC. Ms. Leadbetter explained an error was made when the assessment amounts were prepared for the Board at the August 1, 2017 meeting. The companies received tentative assessment letters with the correct assessment and the correct amount was prepared for allocation. The American Midstream GP, LLC assessment is 23,049,500 and the Oasis Midstream Services, LLC assessment is 8,311,500. Commissioner Rauschenberger moved to approve the correction to the assessments as presented. The motion was seconded by Auditor Gallion. Upon roll call all members present voted “aye.”

Next, was review of Liberty Resources II, LLC. The Board had not received a phone call from the representatives of Liberty Resources II, LLC. Ms. Leadbetter requested to move to item four until the call was received. Governor Burgum agreed.

Item four was the reconsideration of centrally assessed properties. Tentative assessments were returned to the property tax division for four centrally assessed companies. The following values were presented to the Board after timely notice was provided and the company had time to communicate with the property tax division in regard to the tentative assessment: Vantage Pipeline US LP 51,306,500, Dakota Energy Connection, LLC (Oil Company) 2,577,500, Dakota Midstream LLC (Gas Company) 3,162,500 and Alliance Pipeline LP 139,842,500. It was moved by Auditor Gallion and seconded by Treasurer Schmidt to approve the assessments as presented. Upon roll call, all members present voted “aye.”
Ms. Leadbetter presented the assessment for Central Power Electric Cooperative. The assessment was filed late and was not included in the information provided at the August State Board of Equalization meeting. The assessments presented at the August meeting for Allete, Great River Energy and Minnkota Power Cooperative did not include exemptions, for which the companies were eligible, for transmission lines put into service in 2014 and 2015. The assessments have been corrected to reflect the exemptions. Commissioner Rauschenberger moved to approve the assessments. The motion was seconded by Treasurer Schmidt. Upon roll call, all members present voted “aye.”

Governor Burgum continued with item number three on the agenda. Megan McCage and Pat Sloan, representing Liberty Resources, called to discuss the assessment for Liberty Resources II, LLC. Ms. Leadbetter asked Ms. McCage to present on behalf of Liberty Resources and indicated the tentative assessment had been provided including the easement and right of way in the operating property for this type of property.

Ms. McCage requested that the right of way be removed from the assessment and indicated it was unclear to the company why it was still included in the assessment when they were told initially, unless requested, it was not assessable.

Commissioner Rauschenberger spoke to the consistency in which pipeline assessments include right of way across companies. Commissioner Rauschenberger also stated the consistent treatment of companies within the industry is important; however the issue can be looked into for the future.

Mr. Sloan raised a question of double taxation if the landowner and the centrally assessed company are taxed on the right of way and whether or not intangible assets are taxable in North Dakota.

Ms. Leadbetter stated local jurisdictions do not tax the landowner on an easement or right of way because it is necessary for the operation of the pipeline. Therefore, it is considered operative property for the assessment. Property Tax Specialist Dustin Bakken added that the intangible assets such as fees are not taxable; however, operative property does include reclamation and anything included in building the pipeline. Mr. Sloan compared North Dakota to Oklahoma assessment practices and asked if there is case law in North Dakota that distinguishes which type of property is assessable or non-assessable.

Dan Rouse, Legal Counsel, stated North Dakota does not distinguish right of way from operative property. Mr. Sloan requested that the right of way be extracted as intangible property from the assessment. Commissioner Rauschenberger offered to continue the dialogue but at this point right of way is included in operative property.

Governor Burgum reiterated that the offer to continue dialogue on the issue but that the Board is hesitant to change a long term practice on the fly. Auditor Gallion asked for
confirmation that the property is not double taxed. Ms. Leadbetter confirmed the right of way should be exempt from the local assessment. It was moved by Commissioner Rauschenberger and seconded by Auditor Gallion to approve the assessment for Liberty Resources II, LLC as presented. Upon roll call, all members present voted “aye.”

Commissioner Rauschenberger turned to Ms. Leadbetter to begin the review of locally assessed property. Ms. Leadbetter began with an explanation of a calculation that affected several counties’ tolerance.

Ms. Leadbetter reported the sales ratio adjustment worksheet for Barnes County indicated an increase of 10.39 was required to reach one hundred percent for agricultural land. The Board has adopted a tolerance level of 90-100 percent for the assessments for 2017. The calculation provides a final percentage of 90, which is considered within tolerance. Ms. Leadbetter indicated there will be more appeals with the same calculation issue throughout the meeting. No action was required by the Board.

Property Tax Specialist, Dustin Bakken, reported on the appeal of Barnes County taxpayer, Howard Rasmussen. Mr. Bakken stated Rasmussen’s structure was built in 2012, is residential in nature and sits on a ten acre parcel of land that is classified as residential, but should be classified as agricultural. As provided in N.D.C.C. § 57-02-01, the land does not meet four of the seven requirements to change the classification from agricultural land. Mr. Bakken recommended to maintain the classification of the residential structure and to decrease the value of the land by 27 percent as calculated using the soil valuation method. It was moved by Treasurer Schmidt and seconded by Commissioner Rauschenberger to approve the staff recommendation.

Governor Burgum and Mr. Bakken discussed the property and clarified when a structure can be considered exempt as a farm building or farm residence. Governor Burgum also asked if someone from the property tax division had visited the property. Mr. Bakken indicated he and Kim Vietmeier, Property Tax Specialist, had visited the property and no changes had been made since the construction in 2012. Governor Burgum asked if a second question was brought up by the appellant in regard to the valuation of the residence based on its condition. Mr. Bakken indicated the valuation based on condition was not brought up by Mr. Rasmussen and that the classification was the only issue appealed. Auditor Gallion asked if there was potable water at this location and if potable water was a condition to being considered a residence. Mr. Bakken confirmed that potable water is not a condition to consider a structure residential. Ms. Leadbetter added the property tax division has to be careful to only address what was brought before the Board. The Board only has authority on the matters specifically brought before the Board. Upon roll call, all members present voted “aye.”

Kim Vietmeier, Property Tax Specialist, presented information on Billings County’s commercial tolerance level. Billings County contracts yearly with TY Pickett to inspect the
Tesoro Petroleum Fryburg rail facility. Due to the size and complexity of the building, the assessment decreased 12.1 million dollars for the 2017 assessment year. Billings County required a 17.60 percent increase to be at 100 percent of market for commercial property. This property has been removed from the 2016 and 2017 sales adjustment worksheets. Removing the facility brings Billings County within tolerance. This process has been done in the past with Billings County as TY Pickett inspects the property on a yearly basis.

Treasurer Schmidt asked when a county hires a third party, what the qualifications are of the third party to work within the state. Ms. Leadbetter responded that there are assessor standards for the assessors within the State of North Dakota. Authority to require the companies that assess within the state to meet those requirements or the appraisal standards that are required by the national appraisal standard has not been within the powers of the Office of State Tax Commissioner. The local governing body makes the contracting decision. No action was required by the Board.

Ms. Vietmeier also reported on the appeal by taxpayer Anita Kessel in Billings County. It was verified by Billings County Tax Director, Stacey Swanson, that Ms. Kessel did not present her appeal to the local boards of equalization. North Dakota Century Code requires that the appellant appeal to the local boards of equalization before the State Board of Equalization has the authority to reduce the assessment. No action was required by the Board.

Ms. Leadbetter presented appeals 001 and 003 for Bottineau County. Both appeals for agricultural and residential property respectively, were tolerance matters. Due to the calculation as presented for Barnes County earlier in the meeting, both classes of property were at 90 percent, which is considered within tolerance. No action was required by the Board.

Mr. Bakken reported on the agricultural land assessment appeal by Marlow Nelson, a taxpayer and clerk for Cleary Township in Burke County. Burke County implemented the agricultural valuation method for the first time this tax year. Burke County uses a valuation schedule based on the productivity index with a breakpoint at 43. Mr. Bakken explained how the breakpoint is used in this valuation method. Burke County did not use modifiers or land use, which is considered an acceptable practice. It was determined the agricultural land in Burke County is equalized and no change was recommended.

Governor Burgum asked what the authority of the Board is as far as implementation requirements. Mr. Bakken stated the Board could add to the recommendation that Burke County consider modifiers and land use. Commissioner Rauschenberger commented on the number of agricultural land issues brought before the Board this year and said it is something the Board should look at even if the Board decides on a no change recommendation for the appeal. Treasurer Schmidt reminded the Board that state aid is withheld from the counties who do not comply with the soil survey request from the State. Ms. Leadbetter stated that in statute, soil type is to be considered first, then modifiers and land use, in that order. Issues including misuse
of modifiers have created equalization problems in several counties in the past. Ms. Leadbetter stated the tax department would like to have more statutory guidance for implementation of the valuation of agricultural land. The Board discussed use of satellite technology and GIS to determine land use. Ms. Leadbetter stated the production index is used to determine the land used in production, however if the information is not reported correctly, it would have an impact on the accuracy of assessments. Mr. Bakken commented most counties use GIS, however land use is considered private under the 2008 farm bill.

Richard Olson addressed the Board in regard to the 1600 acres he owns in McLean County and the reporting requirements FSA requires each year.

Governor Burgum asked if there is a county that represents best practices as far as implementation. Mr. Bakken stated Stutsman County has two valuation schedules that consider the productivity index as well as modifiers and land use. Treasurer Schmidt moved and Auditor Gallion seconded to amend the recommendation as follows: No change recommended as equalized, urge Burke County to implement the tools for modification and use in their assessment process and provide a report to the State Board of Equalization in 2018. Upon roll call, all members present voted “aye.”

Mr. Bakken presented appeal 005 in Burke County. Mr. Bakken indicated two main issues, real versus personal property included in the assessment as well as an obsolescence calculation. Information and pictures of the Basin Transload facility were shown to detail the layout of the facility, its assets and operating practices. Additional accounting information was requested and received from Basin Transload to determine track and tank costs. Mr. Bakken also compared the obsolescence calculation done by TY Pickett and the outside appraiser. Adjustments were made for real versus personal property. The outside appraiser hired by Basin Transload missed a large portion of track that is assessable to Basin Transload. Mr. Bakken presented a recommendation to reduce the Basin Stampede assessment by 9 percent and to reduce the Global Partners assessment by 16 percent.

Commissioner Rauschenberger provided the Board with history of rail loading facility assessments and determining the portion that is taxable and the portion that is not taxable. Governor Burgum questioned the utilization calculation and asked if all seventeen rail facilities are viewed on a macro basis throughout the State. Discussion ensued regarding the condition of the rail loading facility market as a whole. Auditor Gallion voiced concern with the utilization calculation and stated he could not support the recommendation as presented. Discussion continued between Board members in regard to other factors affecting the rail loading industry.

Ms. Leadbetter informed the Board the counties are required to have levies by October 10, so the recommendation could be revisited on October 5. It was moved by Treasurer Schmidt and seconded by Commissioner Rauschenberger to table the recommendation for Basin Transload until the October 5, 2017 State Board of Equalization Meeting.
Governor Burgum asked staff to look into the impaired value of the assets provided by Basin Transload, get Justin Kringstad with the Pipeline Commission involved, get information from the Public Service Commission, if needed, and have a list of counties with rail loading facilities and the percentage of commercial property these facilities account for within each county. Upon roll call, all members present voted “aye.” Ms. Leadbetter confirmed that there will be a quorum for the meeting on October 5, 2017.

Marci Gilstad, Tax Service Specialist reported on appeal 004 for Cash Wise Foods within the City of Bismarck. Ms. Gilstad stated the information provided by J.W. Chatam and Associates, Inc., on behalf of the appellant, was the same for all Cash Wise appeals filed statewide. The cost approach was used to calculate replacement cost new and the assessment determined by the property tax division staff was within an acceptable range of the assessment by the City of Bismarck. No action was required by the Board.

Ms. Gilstad presented appeals 005 and 006, Captain Jack’s Liquor Land 7049 and 7046 respectively, within the City of Bismarck. Similar to the Cash Wise Foods appeals, the information presented for both properties by J.W. Chatam and Associates, Inc., was the same. The cost approach was used to calculate replacement cost new. The assessment reached for both properties was within an acceptable range of the assessment by the City of Bismarck. No action was required by the Board.

Ms. Gilstad reported on appeal 004 for Cash Wise Foods within the City of Fargo. The Board discussed the dark store presentations at the August 1 meeting and the information provided by the tax representative. Governor Burgum asked if the recommendations for all Cash Wise Foods were no change. Ms. Gilstad confirmed that the recommendation for all Cash Wise appeals would be no change. No action was required by the Board.

Dustin Bakken, Property Tax Specialist, presented the recommendation for appeal 005, Case Equipment Corporation, in the City of Fargo. Mr. Bakken provided the Board with pictures of the building and information on its construction. Mr. Bakken indicated two parcels, listed on the appeal to the Board, were not appealed properly at the local level. After reviewing the appraisal done by an independent appraiser, Mr. Bakken found several discrepancies totally a fifty million dollar difference in original cost. Mr. Bakken indicated the value placed by the City of Fargo was much more appropriate. The City of Fargo did an onsite visit after receiving the appeal and found an error in square footage. Mr. Bakken recommended a reduction of the structure on the main parcel of 12 percent to reflect the square footage adjustment following the City of Fargo’s review process, and no change to the land on this parcel. No change was recommended for the other four parcels in the appeal.

The Board discussed if there were consequences for the outside appraiser’s inaccurate appraisal.
Ben Hushka, Fargo City Assessor, addressed the Board. Mr. Hushka indicated the appraisal was reported to the North Dakota Appraisal Board and the appraisal board did agree with some of the points raised by the City of Fargo. The North Dakota Appraisal Board will be investigating due to the outside appraiser’s lack of jurisdictional competence. Governor Burgum asked Mr. Hushka if the City of Fargo is comfortable with the recommendation presented. Mr. Hushka said yes, and detailed the internal process at the City of Fargo when an appeal is received. It was moved by Auditor Gallion and seconded by Commissioner Rauschenberger to approve the staff recommendation as presented. Upon roll call, all members present voted “aye.”

Mr. Bakken reported on appeal 004 for JDC Development within the City of Fargo. The valuation of the land was appealed following a reassessment by City of Fargo. An assessment of about 11 dollars per square foot was reached. JDC does not own the land underneath the structure but does have a current lease for the land at 23 dollars per square foot. Upon inspection, there were no adjustments made for the structure. The comparable sales were reviewed and the property tax division staff felt the current assessment was appropriate. No change was recommended.

Ben Hushka, Fargo City Assessor, spoke about the land value methodology used by the City of Fargo. No action was required by the Board.

Shelli Thorness, Property Tax Specialist, presented the recommendation for appeal 004, Antony Pietrzak, in the City of West Fargo. Ms. Thorness discussed two issues Mr. Pietrzak had with the assessment. The first was the assessment on his home increased two consecutive years. After visiting with Nick Lee, West Fargo City Assessor, it was determined a new system was implemented. Through the implementation process, it was discovered values were low within the city. West Fargo is currently within tolerance with its sales ratio study. The second was Mr. Pietrzak’s disagreement with the use of the front foot method versus the square foot method to value land in the City of West Fargo. At this time, ninety percent of property in West Fargo is valued using the front foot method. When used in mass appraisal this method is considered equalized. Ms. Thorness recommended no change.

Ben Hushka, Fargo City Assessor, addressed the Board to explain front foot methodology and the equitability of the method. The front foot method is also used in the City of Fargo. No action was required by the Board.

Governor Burgum asked if Cash Wise appeal 005, in West Fargo, was the same as the previous two Cash Wise appeals. Ms. Gilstad confirmed no change was recommended. No action was required by the Board.

Ms. Leadbetter presented Cavalier County appeal 004, filed by Darrel and Karen Kempert. The appeal was filed disputing a timeline for a notice of increased assessment and how it impacted the process of filing for inundated land acres. North Dakota Century Code provides a specific deadline of March 31 for the classification of inundated acres. The process
for notice of increase and the inundated land application are two separate processes that are not contingent on one another. The notice was sent March 24, the meeting was held April 11 and the appellant was in attendance as verified in the meeting minutes. The inundated land application was not received by the deadline and the local governing body denied the application. No action was required by the Board.

Kim Vietmeier, Property Tax Specialist, presented Cavalier County appeal 005 from the Fremont Township Board of Supervisors in regard to the agricultural assessments in Fremont Township in Cavalier County. The Cavalier County Tax Director’s office is currently using the productivity index to value agricultural land. Cavalier does not apply modifiers or consider actual use. It was determined the agricultural land values are equalized throughout the county, therefore, no change was recommended. After discussion, it was moved by Treasurer Schmidt and seconded by Commissioner Rauschenberger to amend the recommendation as approved for Burke 004: No change recommended as equalized, urge Cavalier County to implement the tools for modification and use in their assessment process and provide a report to the State Board of Equalization in 2018. Upon roll call, all members present voted “aye.”

Ms. Leadbetter presented appeal Cavalier County appeal 006, Darren Gellner. Mr. Gellner filed an application for inundated agricultural land with the Cavalier County Office of Tax Equalization. After investigation and review of the minutes, it was determined the map provided with the application was from 2011. The Cavalier County Board of Equalization denied the application based on the mapping that was provided. The Board’s request of a map within the past two years was deemed reasonable and the application was denied on criteria of the application process not being met. No change was recommended. No action was required by the Board.

Ms. Leadbetter presented appeals 001 and 002 for Dunn County. Dunn County 001 was a calculation issue for the agricultural land within Dunn County. Due to the calculation as presented for Barnes County earlier in the meeting, agricultural property in Dunn County was determined to be at 90 percent which is considered within tolerance. No action was required by the Board.

The Board discussed several counties landing right at 90 percent for agricultural, commercial and residential property classes, as well as the 10 percent tolerance level.

Dunn County appeal 002 for commercial property was determined to be the result of a reporting error. After a new supplementary abstract was provided, Dunn County required a 6.7 percent increase to commercial property, which is considered within tolerance. No action was required by the Board.

Ms. Leadbetter reported on commercial tolerance appeal 002 and residential tolerance 003 appeal for Emmons County. A reassessment was completed for all commercial property in Emmons County by Vanguard for this tax year. It was determined commercial property had not
been added appropriately in prior years. Emmons County also incorrectly reported classification changes for several residences that impacted the tolerance level of the residential property within the county. After review of the reporting for both commercial and residential property, it was determined Emmons County was within tolerance. No change recommended for appeals 002 and 003. No action was required by the Board.

Governor Burgum asked if no change was recommended for Emmons appeals 004, 005 and 006. Ms. Leadbetter confirmed no change was recommended for all three appeals and that Vanguard had done a reassessment of all of Emmons County.

Ann Bernhardt, Emmons County Director of Tax Equalization, addressed the Board. Ms. Bernhardt stated she reached out to the appellants in appeals 004, 005 and 006 via letter and invited them to come in to take a look at the property with her. She did not receive a response from the appellants.

No action was required by the Board for Emmons County appeals 004, 005 and 006.

Shelli Thorness, Property Tax Specialist, presented information for Grand Forks City appeal 004. SGO MN Med Park LLC, represented by Cushman & Wakefield of Illinois appealed the value of a strip mall located within the City of Grand Forks. The three approaches to value were used using information from the City of Grand Forks and the information provided by the appellant. The assessment reached by the property tax staff was similar to that reached by the City of Grand Forks. The Board discussed the effect of the strip mall’s vacant anchor store on the property’s value. No change was recommended. No action was required by the Board.

Ms. Leadbetter presented Grant County appeal 001. A decrease of less than one half of a percent was required to be within tolerance for agricultural property. No change was recommended. No action was required by the Board.

Ms. Leadbetter reported on the commercial property appeal 002 and the residential property appeal 003 in Grant County. After review of the commercial sales, it was determined the appraisals submitted were reported at approximately 100 percent but overall, assessments within the county are low because properties have not been equalized to reflect the current market. The same issue was found when reviewing the tolerance appeal for the residential properties within Grant County. The correct process of reporting sales and equalization has been explained to the new Tax Director. No change was recommended for appeals 002 and 003 in Grant County. No action was required by the Board.

Ms. Leadbetter presented appeal 001 for Griggs County. The agricultural property required an 11.04 percent increase to be within tolerance. Due to the calculation as presented earlier in the meeting, the agricultural property was at 90 percent, which is considered within tolerance. No action was required by the Board.
Ms. Leadbetter reported on commercial property appeal 002 in LaMoure County. A complete commercial reappraisal was done in LaMoure County. It was determined there were missed assessments from prior years that were reported incorrectly. It was difficult to properly account for and report the increases on the supplementary abstract due to incomplete property record cards. No change was recommended. No action was required by the Board.

Ms. Leadbetter also reported on residential property appeal 003 in LaMoure County. After review of the sales ratio study, abstract of assessments and supplementary abstract submitted by the LaMoure County Tax Director, several issues were located. An increase of 5 percent was required for all residential property to be at approximately 92 percent of market. Discussion followed in regard to the percentage increase recommended to bring the residential properties within tolerance. It was moved by Commissioner Rauschenberger and seconded by Treasurer Schmidt to increase residential assessments in LaMoure County by 5 percent. Upon roll call, Commissioner Rauschenberger yes, Auditor Gallion no, Treasurer Schmidt yes, Governor Burgum yes, motion carried.

Ms. Leadbetter presented McHenry County appeal 002. A decrease of less than one half of a percent was required to be within tolerance for commercial property. No change was recommended. No action was required by the Board.

Ms. Vietmeier, reported on appeal 004 filed by Richard Olson in McLean County. Mr. Olson disputes the removal of the external/economic obsolescence (EO) factor from Butte Township where his residence is located. After review of the properties parcel record card and visiting with the McLean County Assessor, it was determined the McLean County Tax Equalization office applied a 22 percent obsolescence factor on the dwelling and a 50 percent obsolescence factor on the out building. The McLean County assessor indicated the 22 percent factor was applied because of the quality of the home in relation to its location. No change was recommended on the assessment.

Richard Olson, appellant from McLean County, addressed the Board. Mr. Olson presented issues he felt the Board should be aware of from his original appeal to the State Board of Equalization three years prior. Treasurer Schmidt asked Mr. Olson if he had any information to add to what was already submitted, to which Mr. Olson said he did. Mr. Olson discussed the current report as provided to the Board and concerns he had with the analysis done this year as well as hurdles he had faced at the county board of equalization. Mr. Olson requested the Board make the tax change he requested and make it retroactive to 2014.

Governor Burgum asked Mr. Olson to clarify the problem he was trying to solve. Was he driving a question that taxes were too high on his home or how come Butte Township has an EO factor that is zero and everyone else has one that is higher or both?

Mr. Olson indicated that three years ago it was a mixture of things. This appeal focused on the EO factor because he felt it was the easiest to understand and display.
Governor Burgum asked about the EO factors presented for McHenry County and how they compare to McLean County and if a consistent map was provided. Ms. Vietmeier stated she did request a map from McLean County and did not receive a map exactly as Mr. Olson presented, but did receive one with the map factors used by the County. Governor Burgum asked for clarification from Mr. Olson on the map he provided, and asked the staff how EO factors are used in general in other areas.

Ms. Leadbetter stated the EO factor is allowed to be used; however some assessors do not use it. It depends on the assessor and his/her methodology. Some assessments are built on the market information and some are developed on cost with factors such as EO applied to agree with the market information. Ms. Leadbetter stated without knowing the assessor’s methodology, it would be considered an assumption that an assessment would increase or decrease in a township or county that is assessed by a different assessor. Ms. Leadbetter discussed equalization on the local and state levels as well as the oversight role of the Office of State Tax Commissioner.

Auditor Gallion asked Ms. Leadbetter if there is any way to determine which methodology is being used. Ms. Leadbetter said the assessment practice and methodology would have to be reviewed in order to determine how the assessment was reached.

Governor Burgum asked Mr. Olson if he had completed the abatement process. Mr. Olson indicated he had not. Mr. Olson recapped the situation in 2014. Governor asked if McLean County had had a reassessment recently. Ms. Leadbetter indicated she would have to look for a specific date, but that she believed there had been a reassessment done in the past few years. Ms. Leadbetter discussed the report as presented by the Property Division staff and how the assessment was determined.

Commissioner Rauschenberger asked the Board to stand behind the recommendation. Governor Burgum discussed the assessment process as a whole and what can be taken away from the appeal to create a system of equalization. Commissioner Rauschenberger stated he would like to keep the recommendation as presented and suggested looking into the issue further, beginning with discussion at the upcoming North Dakota Assessing Officers conference. Ms. Leadbetter addressed that if no change is made it would be accepted as described in the minutes. No action was required by the Board.

Treasurer Schmidt left the meeting.

Ms. Leadbetter presented Mercer County appeal 001. A decrease of less than one half of a percent was required to be within tolerance for agricultural property. No change was recommended. No action was required by the Board.

Ms. Leadbetter presented appeal 003 for Mercer County. The residential property required an 11.40 percent increase to be within tolerance. Due to the calculation as presented
earlier in the meeting, the residential property was at 90 percent, which is considered within
tolerance. No action was required by the Board.

Shelli Thorness, Property Tax Specialist, reported on City of Mandan appeal 002. The City of Mandan’s commercial property required a .53 percent decrease to be within tolerance. The sales ratio study and vacant lots were reviewed. A decrease of 1 percent was recommended to bring the commercial property within the City of Mandan within tolerance.

Shirley Shaw, Mandan City Assessor, addressed the Board. Ms. Shaw gave a brief history of the work that had been done within the City of Mandan to reassess all commercial property within the city. For equalization purposes, Ms. Shaw expressed disagreement with a 1 percent decrease across the board.

Linda Morris, Morton County Director of Tax Equalization, addressed the Board and also expressed concern of the effect a 1 percent decrease across the board would have on the equalization of commercial properties within the City of Mandan. Ms. Morris then asked the Board to consider leaving the commercial assessments as presented.

Governor Burgum asked what the range of options is for this type of situation. Ms. Leadbetter stated the State Board of Equalization is required to address classes of property with a percentage change. Ms. Leadbetter then asked legal counsel what the options, if any, were for a situation where a city is .53 percent above the tolerance level. Dan Rouse, Legal Counsel, advised the assessments are to be within 90 to 100 percent and statute says assessments cannot be above 100 percent. Discussion ensued between the Board and Ms. Shaw in regard to the City of Mandan’s assessments and the flexibility of the Board for this type of situation.

Governor Burgum requested that the Property Tax Division staff take another look at the math for the City of Mandan. Governor Burgum also asked to move to item number seven on the agenda and to table the remaining investigations until the next State Board of Equalization meeting scheduled for Thursday, October 5, 2017.

Commissioner Rauschenberger presented a New and Expanding Business Exemption for Mr. Spindle. The Board discussed the calculations and the perimeters of the exemption as presented by Commissioner Rauschenberger. It was moved by Auditor Gallion and seconded by Commissioner Rauschenberger to grant the New and Expanding Business Exemption as presented. Upon roll call, all members present voted “aye.”

It was moved by Commissioner Rauschenberger and seconded by Auditor Gallion to recess until the next State Board of Equalization meeting scheduled for Thursday, October 5, 2017. All members present voted “aye”.

Meeting recessed at 7:23 p.m.
The State Board of Equalization met in the Peace Garden Room of the North Dakota State Capitol Building Thursday, October 5, 2017 at 8:00 a.m.

The following members were present:
Governor Doug Burgum, Chairperson
Joshua Gallion, State Auditor
Ryan Rauschenberger, Tax Commissioner and Secretary of the State Board of Equalization

The meeting was reconvened by Governor Burgum at 8:01 a.m. Commissioner Rauschenberger proposed starting with the action items from the previous meeting and then continuing with the remainder of the locally assessed property. Governor Burgum agreed.

Dustin Bakken, Property Tax Specialist, presented analyses for Basin Transload. Mr. Bakken presented several ways economic obsolescence can be calculated and provided clarification of TY Pickett’s utilization calculation to the Board. Mr. Bakken also presented the Board with analyses of Basin Transload’s assessment as if it had been valued as centrally assessed property, taking into account operating income. Mr. Bakken discussed the February 1 to February 1 assessment period that is referred to for this appeal and its relation to the pipeline industry as a whole as presented on a graph provided by the pipeline authority.

Commissioner Rauschenberger stated we often have more current data and outlook; however the Board is required to finalize the time frame for the assessment cycle. The Board discussed its role in equalization as well as the differences between rail facilities and the amount of real property that is assessed at the different types of rail facility.

Mr. Bakken recommended a reduction of 9 percent to the structure value on parcel 04710000 and a reduction of 16 percent to the structure value of parcel 47710002. A motion was made by Commissioner Rauschenberger and seconded by Auditor Gallion to approve the staff recommendation. Brief discussion followed the motion and second. Upon roll call, all members voted “aye”.

Linda Leadbetter, State Supervisor of Assessments, provided the Board with additional information for the City of Mandan’s commercial property. The property tax staff visited with the assessor for the City of Mandan and the Morton County Tax Director. The Morton County Tax Director determined wrong figures were used in the initial report. When the corrected sales ratio information was re-uploaded, an indicated change of 7.40 percent was required to be at 100
percent of market. The City of Mandan’s commercial property is within tolerance. No change was recommended. No action was required by the Board.

Shelli Thorness, Property Tax Specialist, presented information for Mountrail County appeal 002 for commercial property. An indicated change of 29.8 percent to reach 100 percent of market was calculated. Mountrail County was ordered to remove personal property as a result of the Plains Marketing lawsuit involving the Ross Manitou rail loading facility. When the large industrial property in Mountrail County is removed from the adjustment worksheet, the remaining commercial property is at 93 percent of market value. No change was recommended.

Lori Hanson, Mountrail Director of Tax Equalization, addressed the Board and provided the Board with a chart of the changes made to the Ross Manitou rail loading facility. Ms. Hanson spoke about the downturn in the economy as well as the differences in the rail facilities within Mountrail County.

Governor Burgum asked if removing large commercial properties was a common policy and practice. Ms. Leadbetter advised the removal of large commercial properties is done on a case by case basis. Dan Rouse, legal counsel, confirmed the Board’s flexibility to remove diverse large commercial properties. No action was required by the Board.

Ms. Thorness also presented appeals 004 and 005 for Stanley Apartments and Stanley Square, respectively, within the City of Stanley in Mountrail County. Todd Shebasta of CTMI, LLC represented the two properties. Ms. Thorness indicated the cost and income approaches were used to reach an assessment. Due to a lack of comparable sales, the sales comparison method was not used. The assessment reached was within an acceptable range of the assessment presented by the City of Stanley for both properties. No change was recommended for Mountrail County appeals 004 and 005.

Commissioner Rauschenberger pointed out the assessment reached by the property tax division staff was higher than the assessment placed by the city and county to the Board. Governor Burgum asked if the occupancy rates were considered and how large the market area was used in the analysis. Ms. Thorness confirmed occupancy rates were considered and further explained the market area that was used in the analysis. Commissioner Rauschenberger talked about the decreases in assessment done at the local levels in the past few years.

Lori Hanson, Mountrail Director of Tax Equalization, addressed the Board. She stated the two properties being appealed are a couple of the newest buildings in Stanley and do have better occupancy than other apartments and have been using advertising to attract more tenants.

No action was required by the Board for Mountrail appeals 004 and 005, Stanley Apartments and Stanley Square, respectively.
Kimberly Vietmeier, Property Tax Specialist, presented information on Mountrail appeal 006 filed by Fred Evans. Mr. Evans disputed the use of the breakpoint method to value agricultural land as well as the separation of a portion of an agriculture land parcel as residential for assessment purposes. Ms. Vietmeier stated agricultural land values were reverted to the 2016 values in Mountrail County after ten townships protested the new valuation method. Ms. Vietmeier also provided the Board with language from the Exemption of Farm Buildings and Other Improvements guideline, that a reasonable amount of land on which a non-exempt building is located must be assessed in the same classification as the building. No action was recommended.

Lori Hanson, Mountrail County Director of Equalization addressed the Board. Ms. Hanson discussed the process Mountrail County used to attempt to implement the breakpoint method. The values were reverted at the County Board of Equalization meeting. The county staff is now working with a soils committee and is working toward implementation in 2017. Ms. Hanson also stated two acres are classified as residential for farm residences consistently across the county.

No action was required by the Board for Mountrail County appeal 006.

Marci Gilstad, Tax Service Specialist, presented information for Mountrail County appeal 007. Cash Wise Foods in Stanley was represented by J.W. Chatam & Associates, Inc. The appeal was submitted using the same information as the other Cash Wise Foods appeals throughout the state. The assessment reached by the property tax staff was within an acceptable range of the assessment placed by the City of Stanley. No change was recommended. No action was required by the Board.

Mr. Bakken presented appeals 004, 005 and 006 in Nelson County. All three appeals dealt with the breakpoint method implemented to determine agricultural land assessments. Nelson County did not use modifiers or take land use into consideration. The breakpoint method is an acceptable method of valuing agricultural land. It was determined the agricultural land was equalized throughout Nelson County. Mr. Bakken suggested the recommendation as approved for Burke County be applied to the three appeals presented.

It was moved by Commissioner Rauschenberger and seconded by Auditor Gallion to amend the recommendation for appeals 004, 005 and 006 as approved for Burke 004: No change recommended as equalized, urge Nelson County to implement the tools for modification and use in their assessment process and provide a report to the State Board of Equalization in 2018. Discussion in regard to the implementation of the breakpoint method ensued. Upon roll call, all members present voted “aye.”

Ms. Leadbetter presented Oliver County appeal 001. A decrease of less than one half of a percent was required to be within tolerance for agricultural property. No change was recommended. No action was required by the Board.
Dustin Bakken addressed appeal 002 for the commercial property within Oliver County. Mr. Bakken reviewed the reporting requirements with the Oliver County Tax Director. Oliver County had very few commercial sales so appraisals were used to support the sales ratio study. Vanguard Appraisals, Inc. is wrapping up a completed county wide reappraisal of all commercial and residential property. After analysis, appropriate adjustments were made to the sales that were included in the sales ratio study. No change was required for Oliver County 002. No action was required by the Board.

Mr. Bakken indicated the same issues existed for appeal 003 for residential property within Oliver County. After analysis and corrections to the information reported, it was determined Oliver County was within tolerance for its residential property. No change was required for Oliver County 003. No action was required by the Board.

Ms. Leadbetter presented appeal 002 concerning Pembina County’s commercial property. A reporting issue was identified that was reviewed for the Pembina County sales ratio study. The median for commercial property was 54.3. The assessments in the City of Cavalier and other cities identified were low. The recommendation for Pembina County was: Increase the commercial assessments in the cities of Cavalier, Hamilton, Pembina by 4%. Increase the commercial assessments in the townships of Pembina County by 4%.

Governor Burgum asked for clarification on how the indicated change percentage is determined. Ms. Leadbetter explained the calculations to determine the median and indicated change needed. Ms. Leadbetter also discussed the accepted tolerance level and how an adequate increase is decided to bring the county within tolerance. Governor Burgum asked the Board how comfortable they were with this process. Ms. Leadbetter stated in several cases, the certified assessors are placing values appropriately but the information is not reported accurately.

Auditor Gallion asked Ms. Leadbetter what types of controls are in place to verify the information that is reported to the state. Ms. Leadbetter replied the Office of State Tax Commissioner has the ability to do spot checks, but has limited authority, as it is not an enforcement agency and the assessments are managed locally. Discussion in regard to the effectiveness of the current process, local budgets, the county boards of equalization timeline and the relation between assessments and actual tax due continued.

It was moved by Commissioner Rauschenberger and seconded by Auditor Gallion to increase the commercial assessments in the cities of Cavalier, Hamilton, Pembina by 4 percent and to increase the commercial assessments in the townships of Pembina County by 4 percent. Discussion ensued in regard to the Board’s ability to apply whole percentages. Upon roll call, Commissioner Rauschenberger yes, Auditor Gallion no, Governor Burgum yes, motion carried.

Governor Burgum posed the question if it is possible to manage assessments at a tighter range. Joe Hirschfeld, Dickinson City Assessor addressed the Board. Mr. Hirschfeld stated assessments could be managed at a tighter range; however a ten percent tolerance does allow flexibility at the local level.

Mr. Bakken presented information for appeal 004, filed by Ted Mertz, in Pierce County to the Board. Mr. Mertz bought a parcel of agricultural land and platted it into lots. It was determined Mr.
Mertz’s land met four of the seven requirements, as provided in North Dakota Century Code 57-02-01(a), to no longer be considered agriculture land. Based on the information given, the indicated change in use results in the property no longer being assessed as agricultural land. No change was recommended.

Discussion continued regarding the change of use based on the original parcel and the variables that affect further development of the property. Commissioner Rauschenberger stated Pierce County has assessed this parcel appropriately based on law. This property could possibly be analyzed in the future for improvement on statute.

No action was required by the Board for Pierce County appeal 004.

Ms. Leadbetter presented appeal 001 for Rolette County. The agricultural property required an 11.59 percent increase to be within tolerance. Due to the calculation as presented at the prior meeting, the agricultural property was at 90 percent, which is considered within tolerance. No action was required by the Board.

Ms. Leadbetter presented appeal 002 for commercial property in Sargent County. Sargent County recently went through a reassessment with Vanguard Appraisals, Inc. Issues with the information reported were also found. A median was falsely created, and property that should have been added in the past was not. Ms. Leadbetter advised this is the time to create a new baseline for the county, with a new tax director is in place and the reappraisal is complete. Recommended no change; Direct Sargent County to monitor and adjust commercial property as necessary throughout the assessment cycle.

Discussion followed about the layers that play a part in the whole process including, workload, process improvements and multiple systems used statewide.

Sandra Hanson, partially retired Director of Tax Equalization for Sargent County, addressed the Board. Ms. Hanson discussed lack of training in her position, her support of the recommendation from the State and the system that is now in place after the reappraisal. No action was required by the Board.

Ms. Leadbetter presented appeal 003 for residential property in Sargent County. The adjustment worksheet indicated a required increase of 12.50 percent to be at 100 percent of market. After review of the sales with Sargent County, the sales ratio study indicated the assessments were low. A recommendation to increase residential (land and building) assessments in the City of Rutland by 35 percent and residential land assessments in the cities of Milnor, Forman, Cogswell, Havana, Cayuga and Gwinner by 3 percent was presented to the Board.

Ms. Hanson addressed the Board. Ms. Hanson stated she believed the commercial reassessment brought to light misclassification of some property which had an effect on the residential tolerance.
It was moved by Commissioner Rauschenberger and seconded by Auditor Gallion to approve the recommendation. Upon roll call, Commissioner Rauschenberger yes, Auditor Gallion no, Governor Burgum yes, motion carried.

Ms. Vietmeier presented appeal 004 for the City of Gwinner. The City of Gwinner appealed the land values placed during the reassessment of commercial property by Vanguard. Vanguard held meetings to visit with concerned property owners during the reassessment. Sargent County is currently working with the City of Gwinner to review concerns. Recommended no change at this time. Direct Sargent County to work with property owners and representatives of the City of Gwinner to correct any assessment inaccuracies to ensure equalization within the city and county.

Ms. Hanson addressed the Board. Ms. Hanson stated the appeal was just for the land values and discussed the front foot method compared to the per acre rate that the City of Gwinner used to make comparisons.

Ryan Ehli, Vanguard Appraisals, Inc. addressed the Board. Mr. Ehli discussed the front foot methodology, the time spent in Sargent County as well as the firm’s process when completing a reassessment. Mr. Ehli informed the Board Vanguard works in 30-35 counties in North Dakota in some capacity.

Commissioner Rauschenberger made a motion and Auditor Gallion seconded to approve the staff recommendation for appeal 002, for completion of the record per advice of Dan Rouse, legal counsel. Upon roll call, all members present voted “aye”.

Commissioner Rauschenberger made a motion and Auditor Gallion seconded to approve the staff recommendation for appeal 004. Upon roll call, all members present voted “aye”.

Ms. Leadbetter presented Sioux County appeal 002. An increase of 12.70 percent was required to be at 100 percent of market for commercial property. An increase of 5 percent for all commercial property was recommended. It was moved and seconded by Commissioner Rauschenberger and Auditor Gallion to approve the staff recommendation. Upon roll call, Commissioner Rauschenberger yes, Auditor Gallion no, Governor Burgum yes, motion carried.

Ms. Leadbetter presented Sioux County appeal 003. A decrease of less than one half of a percent was required to be within tolerance for residential property. No change was recommended. No action was required by the Board.

Ms. Vietmeier presented Stark County appeals 004, 005 and 006 for Microtel Inn, FW TownHouses LLC and Sierra Ridge Apartments respectively. The income and cost approaches were used as they were the most applicable. All appeals were filed by the same tax representative. No change was recommended for appeal 004, 005 and 006. Commissioner Rauschenberger asked Ms. Vietmeier how much information was provided from the tax
representative as the representative was not present at the August meeting. Ms. Vietmeier stated limited information was provided and additional information requested by the local level was not received until very late.

Joe Hirschfeld, Dickinson City Assessor, addressed the Board. Mr. Hirschfeld spoke about the difficulty the city has encountered when requesting income from the apartment properties. Due to the difficulty obtaining usable income information, the cost and income approaches were heavily relied on. Mr. Hirschfeld did receive a better return of income information from the older apartments, so the information available was considered as well. No action was required by the Board.

Ms. Leadbetter presented appeals 001 and 003 for Steele County. The agricultural property required a 10.36 percent increase and an increase of 10.80 percent for residential property to be within tolerance. Due to the calculation as presented at the prior meeting, the agricultural and residential property was at 90 percent, which is considered within tolerance. No action was required by the Board.

Ms. Gilstad presented appeal 002 for the City of Jamestown. The commercial property required an 11.70 percent increase to be within tolerance. A vacant lot worksheet was prepared by Jamison Veil, Jamestown City Assessor. A new ratio adjustment worksheet determined the commercial property required an increase of 7 percent to be at 100 percent of market. No action was required by the Board.

Ms. Vietmeier presented commercial property appeal 002 for the City of Minot. Commercial property within the City of Minot required an increase of 11.40 percent to be at 100 percent of market. Ms. Vietmeier briefly discussed the market in Minot and the reductions made to apartments and hotels due to the changing market conditions. Analysis showed the commercial property, minus apartments and hotels required a 5 percent increase to be at 100 percent of market. No change was recommended. No action was required by the Board.

Kevin Ternes, City of Minot Assessor, addressed the Board. Mr. Ternes discussed the sales ratio study, assessor standards and the market in Minot. Mr. Ternes also spoke about him and his staff trying to recognize the market without sales. Mr. Ternes asked for a couple points grace due to the adjustments made based on market conditions. At Governor Burgum’s request, Mr. Ternes provided the percentages of commercial property that decreased in relation to commercial property as a whole. Commissioner Rauschenberger addressed the foresight of the market decline in some areas of North Dakota. No action was required by the Board.

Ms. Leadbetter presented appeal 003 for Wells County. The residential property required an 11.50 percent increase to be within tolerance. Due to the calculation as presented at the prior meeting, the residential property was at 90 percent, which is considered within tolerance. No action was required by the Board.
Ms. Thorness presented Williams County appeal 004 for C & J Spec Services. A site visit was done August 23, 2017. Income information was not provided for this property. The assessment was decreased by 13 percent for the 2017 tax year at the local level. Due to a lack of comparable sales, the cost approach was used to reach an assessment. No change was recommended.

Discussion followed about how the man camp is valued, and the history of man camps.

Darcy Anderson, Williams County Assessor, addressed the Board. Ms. Anderson gave a brief history of the how the man camp originated and how the assessment has changed over a period of time. Ms. Anderson also addressed how the camp was set up and assessed. Discussion continued in regard to the market for man camps and occupancy rates and how they relate to the assessment. Governor Burgum asked if there was time to send the appeal back for further investigation. Ms. Leadbetter said there is a date when the record must be complete for mill levy purposes. Governor Burgum made a motion to do further work on the appeal. The motion was seconded by Auditor Gallion.

A short break was taken.

Ms. Leadbetter requested clarification on the motion made prior to the break and confirmed mill levies must be calculated by December 10. Commissioner Rauschenberger also asked for clarification to confirm the only hold-over would be appeal 004 and would move forward with the other parcels.

Governor Burgum requested to wait on Williams County appeal 004 until the next State Board of Equalization Meeting so further information could be gathered. It was moved by Commissioner Rauschenberger and seconded by Auditor Gallion to table Williams County appeal 004 until we have more information. Upon roll call, all members voted, “aye”.

Marci Gilstad, Tax Service Specialist, presented information for Williams County appeal 005 for Cash Wise Foods in Tioga. Governor Burgum asked if the appeal was any different than the other Cash Wise appeals. Ms. Gilstad confirmed it was not. No change was recommended. No action was required by the Board.

Ms. Vietmeier presented appeal 002 for the commercial property within the City of Williston. The commercial property required an increase of 27.40 percent increase to be at 100 percent of market. Assessor Anderson indicated she gathered income information and using this information, recommended an average decrease of 25 percent to apartments. When the apartment complexes were removed, the remaining commercial property indicated an increase of 2 percent to be at 100 percent of market. No change was recommended.

Discussion followed between Darcy Anderson, City of Williston Assessor and the Board. Ms. Anderson discussed the reduction in apartment values in previous years, lack of apartment
sales, as well as the levels of government involved in the process. Ms. Leadbetter clarified how true and full value is determined and the mass appraisal process as a whole. No action was required by the Board.

Ms. Gilstad asked the Board to begin with appeal 006 for the Ramada Inn, listed for the City of Williston. The Ramada Inn appeal was submitted to the City of Williston. After investigation, it was determined the Ramada Inn was in fact part of Missouri Ridge township just outside the Williston City limits. The appeal was not presented at the township level. No change was recommended because the appellant did not follow the correct appeal process. No action was required by the Board.

Ms. Gilstad presented apartment appeals 004, 005, 007, 008, 009, 010, 011, 012, 013 and 014 within the City of Williston. All the apartments, with the exception of 014, Fair Hills, were filed by two tax representatives Ethan Horn and Todd Shebasta. The cost and income approaches were used to reach an assessment for all properties. One sale was submitted as a comparable; however the sale was not considered an arms-length transaction due to the circumstances surrounding the sale. The same process was used for all properties. On average, apartment properties were decreased by 25 percent this year, following the 23 percent reduction last year by Ms. Anderson. Any differences found between the assessments reached and the assessments presented by the City of Williston were within an acceptable range and did not warrant a change.

Discussion followed about tax representatives as well as the differences in assessments between the City of Williston and the Property Tax Staff. No change was recommended for the following appeals, 004, Prairie Pines, 005, The Bluffs at Williston, 006, Ramada Inn Williston, 007, Prairie Vista Apartments, 008, Regency Apartment Homes, 009, University Commons, 010, IRET Williston Gardens, 011, IRET Renaissance Heights, 012, Northgate Apartments, 013, Dakota Commons and 014, Fair Hills within the City of Williston. No action was required by the Board.

It was moved by Commissioner Rauschenberger and seconded by Auditor Gallion to approve all residential, commercial and agricultural values for all counties across the state, and to make the same changes that were made to agricultural land to: Game & Fish land, Board of University & School Lands, North Dakota National Guard land, Farmland or Ranchland Owned by Nonprofit Organizations for Conservation Purposes and Land Acquired for the Devils Lake Project with the exception of the tabled Williams County appeal 004.

Upon roll call, all members present voted “aye”. Motion carried.

Commissioner Rauschenberger reported a change for Electric Generation tax for Sunflower Wind. Ms. Leadbetter stated the final audit was completed for the Sunflower Wind Project, so the Board can accept the report and include it with the generation from wind totals for
2017 allocations in the amount of $281,114,137. Discussion followed in regard to the wind farm production capacity formula.

It was moved and seconded by Commissioner Rauschenberger and Auditor Gallion to approve. Upon roll call, all members present voted “aye”.

Commissioner Rauschenberger thanked everyone for their work. Governor Burgum also thanked staff and discussed property taxes as a whole. Discussion ensued to determine the next meeting date.

Governor Burgum recessed the Board, pending the call of the chair at 12:50 p.m.
The State Board of Equalization met in the Fort Union Room of the State Capitol Thursday, October 12, 2017, at 1:00 p.m.

The following members were present:
  Governor Doug Burgum, Chairperson
  Kelly Schmidt, State Treasurer
  Joshua Gallion, State Auditor
  Doug Goehring, Commissioner of Agriculture
  Ryan Rauschenberger, Tax Commissioner and Secretary of the State Board of Equalization

The meeting was reconvened by Governor Burgum at 1:00 p.m. Commissioner Rauschenberger briefed the Board on the agenda items. Governor Burgum provided context for the Board in regard to the tabled appeal from October 5, 2017.

Marci Gilstad, Tax Service Specialist, presented information for Williams County appeal 004, C & J Spec Services. Ms. Gilstad walked the Board through two packets of analysis. Bed fee versus ad valorem tax was discussed, as well as the number of active and inactive camps in the state. Ms. Leadbetter spoke about the equalization process for man camp properties. No change was recommended for Williams County appeal 004.

Commissioner Goehring asked about the ownership of the man camp in question, how the camp is valued and equalization. Commissioner Rauschenberger discussed the request of the property to be assessed not on a bed fee, but on an ad valorem basis at the local level. Commissioner Rauschenberger also provided history on the bed fee and how it was addressed in statute during the 2011 legislative session. Discussion ensued about the decrease in valuation of 13 percent for the tax year, the rationale behind the appeal and the market value analysis provided to the Board.

It was moved and seconded by Treasurer Schmidt and Commissioner Rauschenberger to approve the staff recommendation. Upon roll call, all members voted “aye”.

Commissioner Rauschenberger presented a change in Telecommunication Tax for Macro Technologies, LLC of $26.18 for approval. It was moved by Treasurer Schmidt and seconded by Commissioner Goehring to approve the increase in tax. Upon roll call, all members voted “aye”.


Governor Burgum thanked the Property Tax Division staff for the time spent on the record number of appeals this year.

It was moved and seconded by Commissioner Goehring and Auditor Gallion to adjourn the meeting. All members voted “aye”. Meeting adjourned at 1:34 p.m.
The State Board of Equalization met in the Conference Room of the Office of State Tax Commissioner Thursday, November 2, 2017 at 3:00 p.m.

The following members were present:
Governor Doug Burgum, Chairperson
Kelly Schmidt, State Treasurer
Joshua Gallion, State Auditor
Ryan Rauschenberger, Tax Commissioner and Secretary of the State Board of Equalization

Governor Burgum called the meeting to order.

Commissioner Rauschenberger discussed the yearly timeline, tolerance level decision in December and statutory powers of the Board.

It was moved by Auditor Gallion and seconded by Treasurer Schmidt to approve the minutes of the September 27, 2017, October 5, 2017 and October 12, 2017 meetings. Upon roll call, all members present voted “aye.” Motion carried.

Commissioner Rauschenberger turned the meeting over to Dan Rouse, legal counsel.

Mr. Rouse provided a handout and explained the constitutional and statutory duties of the Board.

Governor Burgum asked about increasing or decreasing assessments for a class of property, the accepted tolerance level, powers of the Board, best practices and if the counties are looked at state-wide to keep each county up to date. The Board continued to discuss examples and the checks and balances in place. Governor Burgum also asked about equalization across county lines.

Commissioner Rauschenberger discussed the desire to be more proactive with the counties as well as the turnover in the tax director position. Treasurer Schmidt explained that the local county commission sometimes does not accept the work as presented by the tax director. Commissioner Rauschenberger indicated there is not a formal tracking process to determine who is and is not keeping assessments up to date. Linda Leadbetter, State Supervisor of Assessments, commented on acceptable assessor practices and the assessor’s constant duty to keep records up to date.

Auditor Gallion asked about the different methodologies to determine property is equalized across county lines as discussed in an appeal from the previous meeting. Ms.
Leadbetter stated the methodology for the appeal was verified and the assessment was completed in an acceptable manner.

Governor Burgum asked if the tax department has a way to compare the value of assessed property statewide year over year. Ms. Leadbetter discussed the upload process to report the abstract of tax list, as well as the statistical report that is available online. Governor Burgum asked how many political subdivisions are in the state. Ms. Leadbetter and Commissioner Rauschenberger said there are about 2,000 political subdivisions. Governor Burgum asked if aggregate data is available for each political subdivision and if it is possible to determine which subdivision’s mills increased, decreased or stayed the same. Commissioner Rauschenberger spoke about the new reporting requirements per legislative changes that will be uploaded in a few weeks.

Discussion continued about the notice of increase and how the Board influences communication to help the community understand the notice. Governor Burgum volunteered Lt. Governor Sanford to join the working group to improve communication with taxpayers. The Board continued to discuss hurdles in the communication of property tax assessments. Ms. Leadbetter provided further information on the new tax levy reporting requirements and how the information will be used to compare year to year to determine changes on a macro level.

Governor Burgum questioned if building permits have been reported aggregately. Ms. Leadbetter said they have not been, but will be. Deputy Tax Commissioner, Joe Morrissette, commented that building permits have not been a driver of the tax forecast in the past. Commissioner Rauschenberger discussed the tax cap bill that was proposed during the 2017 legislative session, which led to the new requirement to report back to the legislature. Discussion ensued in regard to capping taxes, past proposed legislation and the problem trying to be solved. The Board also discussed the mill levy formula used by school districts.

Ms. Leadbetter provided an overview of legislative changes that will affect the notice of increase in 2018 and discussed the need for public education to help taxpayers understand the notice when received.

Mr. Rouse continued, providing an overview of individual appeals, classification changes of property and the Board’s authority to do spot checks. Mr. Rouse explained the appeal process from the local to the state level.

Governor Burgum asked if each county has the ability to determine criteria for farm residences or if the criteria are consistently applied across the state. Ms. Leadbetter explained the seven criteria to determine agricultural land in North Dakota Century Code and the requirements for the farm residence exemptions. The Board discussed challenges some counties face gathering income information and the acceptance or denial of farm residence applications when presented to the county commission. Discussion followed about enforcement of the law.
Governor Burgum asked if there is anything in state law about special assessments. Commissioner Rauschenberger responded that special assessments are handled at the local level and the Board does not have authority over specials at this time. Ms. Leadbetter said the aggregate special assessments are reported through the Abstract of Tax List. Governor Burgum requested the data that is available. Governor Burgum posed the question, “Should special assessments be included in the prevue of the State Board?” Discussion between members of the Board followed.

Commissioner Rauschenberger discussed the timeline for the year and the action items for the December meeting. Governor Burgum requested that the property tax division bring information to the next meeting based on the questions and feedback from the Board members at previous meetings.

Treasurer Schmidt requested to add third party assessor requirements to the agenda for the December meeting.

It was moved and seconded by Auditor Gallion and Treasurer Schmidt to adjourn the meeting. All members voted “aye”. Meeting adjourned at 4:38 p.m.
The State Board of Equalization met in the Peace Garden Room of the State Capitol Monday, December 18, 2017, at 2:30 p.m.

The following members were present:
Governor Doug Burgum, Chairperson
Kelly Schmidt, State Treasurer
Joshua Gallion, State Auditor
Doug Goehring, Commissioner of Agriculture
Ryan Rauschenberger, Tax Commissioner and Secretary of the State Board of Equalization

Governor Burgum called the meeting to order at 2:32 p.m.

It was moved by Treasurer Schmidt and seconded by Auditor Gallion to approve the minutes from the November 2, 2017 meeting. Upon voice vote, all members voted “aye.” Motion carried.

Governor Burgum invited Kevin Ternes, Assessor for the City of Minot, to address the Board. Mr. Ternes offered insight on how the sales ratio is working throughout North Dakota, as well as concerns of local assessors. Mr. Ternes indicated local assessors would like to open a discussion with the Office of State Tax Commissioner to get a better handle of how to determine commercial assessments, especially in the rural areas, when there is a lack of sales.

Treasurer Schmidt asked Mr. Ternes for suggestions to improve the process. Mr. Ternes stated local officials have suggestions to improve the current assessment practices and the local appeal investigation process.

Commissioner Rauschenberger thanked Mr. Ternes for his insight and indicated, on behalf of the Office State Tax Commissioner; staff would like to continue to work with local assessment officials to improve processes. Commissioner Rauschenberger asked Mr. Ternes for his perspective on the sales ratio tolerance level and how it affects his day to day job duties.

Mr. Ternes spoke about the navigation challenges presented by the sales ratio tolerance level when there is a large market swing in a short period of time. He indicated a wider tolerance level for commercial property could help the local officials correct large market swings without being out of the current tolerance levels of 90 to 100 percent of market value.

Commissioner Rauschenberger thanked Mr. Ternes for his perspective.
Mr. Ternes added, he liked the openness of the board to use discretion when a jurisdiction is out of tolerance, as a specific target can sometimes be detrimental.

Governor Burgum asked Mr. Ternes if the City of Minot uses special assessments. Mr. Ternes responded that generally, Minot did not rely heavily on specials. He spoke about mill levy increases in Minot this year due to the decreased tax base. Governor Burgum discussed the risk of special assessments, how specials are used in other areas and their effect. Discussion continued regarding budget workshops and the tax situation specific to the City of Minot.

Governor Burgum asked Mr. Ternes for his viewpoint regarding the language used on tax statements. Mr. Ternes stated, he feels the current statement is comprehensive. He did indicate budget notices confuse people, but he believed that had been corrected for next year. Treasurer Schmidt added that many taxpayers do not realize their taxes went up until their house payment goes up after the fact. Commissioner Rauschenberger confirmed, the notices will be different next year. A statement will go to each parcel with $100 or more taxes levied. Mr. Ternes said he would also support a letter that goes out to each taxpayer if valuations increase, decrease or stay the same.

Governor Burgum asked about the offer for discussion with the association of assessors. Mr. Ternes said, on the association’s behalf, the association would be willing to open discussion with the Office of State Tax Commissioner. Commissioner Rauschenberger stated the Office of State Commissioner representatives attend the association meetings in January and August. Commissioner Rauschenberger also noted the association is not an elected body so they do not have the ability to lobby. Therefore, the Office of State Tax Commissioner tries to work closely with the North Dakota Association of Assessing Officers (NDAAO).

Treasurer Schmidt asked Mr. Ternes if he felt commissioners have a handle on the way the process works, so when information is presented, it is understood. Mr. Ternes answered; his feeling is the larger cities have backing; however the smaller jurisdictions do not always receive the same support.

Item three on the agenda was addressed. Commissioner Rauschenberger discussed the sales ratio tolerance level set in previous years by the Board. Governor Burgum asked if there was a tolerance level recommendation from the Office of State Tax Commissioner. Commissioner Rauschenberger stated, on behalf of the Office of State Tax Commissioner, the recommendation is to remain at a tolerance level of 90 – 100 percent. A recommendation to discuss the process for those out of tolerance was made, on behalf of the Office of State Tax Commissioner by Commissioner Rauschenberger.

Governor Burgum asked if other states break out classes of property and use different tolerance ranges for each class. Linda Leadbetter, State Supervisor of Assessments, stated the information reviewed indicated the tolerance level remains the same, in most states, across all classes of property. Ms. Leadbetter handed out analysis from the International Association of
Assessing Officers to support remaining at 90 – 100 percent. Discussion of the data presented continued.

Commissioner Goehring posed the question, if a wider tolerance was adopted, would anything change going forward? Commissioner Goehring indicated he thought the increase to 93 percent for jurisdictions out of tolerance, as done in the past, was a good practice. Commissioner Goehring also wanted to ensure the Board was not over-reacting. Kevin Ternes, Minot City Assessor, addressed the Board. Mr. Ternes indicated he agreed with the points made by Commissioner Goehring and asked the Board have an open mind when jurisdictions are out of tolerance.

Commissioner Goehring moved to adopt a tolerance level of 90 – 100 percent. Commissioner Rauschenberger seconded the motion. Auditor Gallion asked if the 90 – 100 percent includes rounding. Ms. Leadbetter responded that the statistics will not be perfect, so rounding does come into play. Discussion followed. Governor Burgum suggested a conversation with Nebraska to discuss best practices when jurisdictions are brought into compliance.

Auditor Gallion moved to amend the motion, removing the rounding on both ends of the tolerance. Motion failed for lack of a second.

Governor Burgum asked, if a jurisdiction is at 100.4 percent, and no one is to be over 100 percent, is the Board in violation of statute? Dan Rouse, Legal Counsel, commented that statutorily 100 equals 100. Anything over 100 percent should be rounded down. Mr. Rouse also reminded the Board additions or reductions have to be done by even, not fractional numbers. Therefore, some degree of rounding may occur before arriving at the final metric.

Auditor Gallion moved to amend the amended motion to remove rounding on the 100 percent end of the tolerance and cap it at 100.0 percent. Commissioner Goehring seconded the amended motion.

Treasurer Schmidt asked for clarification, questioning why a motion is needed to do what the law requires. Mr. Rouse clarified that the rounding practice in place for prior years is correct. Commissioner Rauschenberger added that current practice is if a jurisdiction is at 100.49 percent, no adjustment is made because .49 is rounded down to 100 percent. Commissioner Goehring retracted his second to the amended motion.

The motion on the floor was to adopt a tolerance level of 90 – 100 percent with 89.5 rounding to 90 percent and 100.49 rounding to 100 percent. Upon roll call, Commissioner Rauschenberger yes, Auditor Gallion no, Treasurer Schmidt yes, Commissioner Goehring yes, Governor Burgum yes, motion carried.
The Board discussed past practice of bringing a jurisdiction below 90 percent to 93 percent. Ms. Leadbetter indicated each situation had been reviewed on a case by case basis. The Board has brought jurisdictions to 93 percent when below tolerance; however it has not been consistently used, every year and in every case. Ms. Leadbetter added different percentages have been applied to classes of property in order to bring a jurisdiction within tolerance. Discussion followed about the flexibility and discretion available to the Board.

Commissioner Goehring moved and Treasurer Schmidt seconded, if a jurisdiction is below 89.5 (90 rounded) percent, the practice of the Board will be to bring the jurisdiction to 93 percent, with flexibility to adjust depending on the circumstances of the situation. Auditor Gallion asked for consideration to manage at both sides of the spectrum.

Auditor Gallion moved, if a jurisdiction is below 89.5 (90 rounded) percent, the practice of the Board will be to bring the jurisdiction to 93 percent and if a jurisdiction is above 100.49 (rounded to 100) percent, the practice of the Board will be to bring the jurisdiction to 97 percent, with flexibility to adjust depending on the circumstances of the situation. The Board discussed what happens when a jurisdiction is above 100.5. The motion failed for lack of a second.

The Board returned to the original motion by Commissioner Goehring, seconded by Treasurer Schmidt. If a jurisdiction is below 89.5 (90 rounded) percent, the practice of the Board will be to bring the jurisdiction to 93 percent, with flexibility to adjust depending on the circumstances of the situation. Upon roll call, Commissioner Rauschenberger yes, Auditor Gallion no, Treasurer Schmidt yes, Commissioner Goehring yes, Governor Burgum yes, motion carried.

Governor Burgum asked to move Treasurer Schmidt’s request to discuss Third Party Assessors to the January meeting. Treasurer Schmidt exited the meeting at 3:59 p.m.

Ms. Leadbetter presented information currently submitted to the Office of State Tax Commissioner regarding special assessments using the Property Tax Statistical Report. The Board discussed the provided information. Governor Burgum asked Ms. Leadbetter if a yield category could be included. Ms. Leadbetter indicated it could possibly be added next year.

Governor Burgum thanked the Board and staff for their work in 2017.

A motion to adjourn was made by Governor Burgum and seconded by Auditor Gallion. Upon voice vote, all members voted “aye.” Motion carried. The meeting adjourned at 4:14 p.m.