

State Board of Equalization
May 3, 2018

The State Board of Equalization met in the Peace Garden Room of the State Capitol Thursday, May 3, 2018, at 10:30 a.m.

The following members were present:

Lieutenant Governor Brent Sanford, 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

Lieutenant Governor Sanford called the meeting to order at 10:34 a.m.

It was moved by Treasurer Schmidt and seconded by Commissioner Rauschenberger to approve the minutes from the December 18, 2017 meeting. All members voted “yes”. Motion carried.

The second item of business was the new business incentive agreement for Novum Pharmaceutical Research Services. Commissioner Rauschenberger provided background on the new business incentive agreement and the adjustment of goals. Linda Leadbetter, State Supervisor of Assessments, briefed the Board on the agreement and goals established in 2013. Discussion of goals and how they are determined followed.

Chris Chamberlain, CEO of Novum Pharmaceutical Research Services, addressed the Board. Mr. Chamberlain discussed Novum’s research, and investment in North Dakota, as well as the impact the company has had on the Fargo area.

The Board and Mr. Chamberlain continued discussion regarding the projected number of employees in 2013 versus the current number of employees. Gary Feist, corporate income tax specialist, provided the Board with the estimated tax benefit on the date of application at the request of Commissioner Goehring. Commissioner Rauschenberger provided information on the self-policing aspects of the agreement.

Treasurer Schmidt inquired about past precedent of the adjustment of goals. Commissioner Rauschenberger and Ms. Leadbetter confirmed the Board has allowed adjustments to incentive agreement goals, as recently as 2016.

It was moved by Commissioner Goehring and seconded by Treasurer Schmidt to adjust the employee goal to seventy-nine, for the purposes of the new business incentive agreement for Novum Pharmaceutical Research Services.

Treasurer Schmidt and Lieutenant Sanford expressed their thanks to Novum Pharmaceutical Research services for their commitment to the people in the Fargo area and for choosing North Dakota.

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

Item three on the agenda was addressed. Ms. Leadbetter discussed third party assessors and the current statute as it relates to a special assessor and the hiring of a contractor to assess certain properties/areas. Discussion between Board members followed regarding variance in laws state to state, resource issues and lack of expertise in certain types of property.

Commissioner Rauschenberger talked about the concept of an industrial appraiser in North Dakota. Discussion continued. Lieutenant Governor Sanford asked if the main concern was the lack of standards, industrial assessors and/or sorting out local taxpayer issues.

Treasurer Schmidt, Commissioner Goehring and Commissioner Rauschenberger communicated the difficulty hired third party assessors from out of state have understanding how North Dakota views real versus personal property. Lieutenant Governor Sanford asked at what level are the industrial assessment responsibilities in other states. Commissioner Rauschenberger and Ms. Leadbetter provided insight into how neighboring states assess this type of property.

Discussion ensued regarding certification standards that could be addressed legislatively to require a certain level of certification before assessments could be done by third party assessors within the state. Auditor Gallion proposed discussion of certification recommendations at a future meeting.

The Board moved on to agenda item four, other business. The Board discussed the upcoming meetings in June and July. Commissioner Rauschenberger reminded the Board that the centrally assessed property meeting will be on July 10, 2018.

Auditor Gallion left the meeting at 11:33 a.m.

Ms. Leadbetter informed the Board of a survey that was sent by the North Dakota Association of Counties. The results will be provided to the Board at the next meeting.

Lieutenant Governor Sanford adjourned the meeting at 11:34 a.m.

State Board of Equalization
July 10, 2018

The State Board of Equalization met in the Governor's Conference Room at the State Capitol Building, Tuesday, July 10, 2018 at 1:07 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

It was moved by Treasurer Kelly Schmidt and seconded by Commissioner Doug Goehring to approve the minutes of the May 3, 2018 meeting. Upon roll call, all members participating voted "aye." Governor Burgum abstained from the vote to approve minutes of the previous meeting as he was not in attendance. Motion carried.

Commissioner Ryan Rauschenberger provided a brief overview of the central assessment process and communication between companies and the property tax division staff regarding assessments. State Supervisor of Assessments, Linda Leadbetter, provided history on the use of assessed versus market value.

It was moved by Commissioner Goehring and seconded by Treasurer Schmidt that the Board approve the 2018 centrally assessed property tentative assessments for air transportation companies in the amount of \$8,893,100. Discussion regarding the valuation process for airline companies followed. Upon roll call, all members voted "aye." Motion carried.

Airline Transportation Companies

Assessed Values

ALLEGIANT AIR, LLC	1,100,900
DELTA AIRLINES, INC.	4,440,800
ENVOY AIR, INC.	505,500
FEDERAL EXPRESS CORP	172,600
FRONTIER AIRLINES	142,100

SKYWEST AIRLINES, INC.	711,600
UNITED AIRLINES, INC.	1,819,600
Total	8,893,100

Natural gas pipelines followed airline transportation companies. Commissioner Rauschenberger gave an overview of valuations and how assessed valuations are assigned. Property Tax Specialist, Dustin Bakken, provided information on the valuation of pipelines using book depreciation and FERC regulated information. The Board discussed the possibility of cross agency checks and GIS to verify new pipeline miles. It was moved by Commissioner Goehring and seconded by Commissioner Rauschenberger to approve the 2018 centrally assessed property tentative assessments for natural gas pipelines in the amount of \$2,223,063,400. Upon roll call, all members voted “aye.” Motion carried.

Natural Gas Pipelines	Assessed Values
ALLIANCE PIPELINE LP	140,674,000
AMERICAN MIDSTREAM GP LLC	18,865,500
ARCHER DANIELS MIDLAND	89,000
ARROW PIPELINE LLC	59,869,000
AUX SABLE MIDSTREAM LLC	35,441,500
BAKKEN OIL EXPRESS LLC	9,238,500
BISON MIDSTREAM LLC	32,040,500
BISON PIPELINE LLC	54,847,500
CALIBER BEAR DEN INTERCONNECT LLC *New in 2017*	5,571,500
CALIBER MIDSTREAM PARTNERS LP	45,060,500
CRESTWOOD CRUDE LOGISTICS LLC	4,550,000
DAKOTA GASIFICATION CO	7,760,500
DAKOTA GASIFICATION CO - SNG ANTELOPE PIPELINE	2,984,500
DAKOTA GASIFICATION CO - SNG HEBRON PIPELINE	4,965,500
DAKOTA MIDSTREAM LLC - NATURAL GAS	5,685,000
HESS BAKKEN INVESTMENTS II LLC	48,193,000
HESS NORTH DAKOTA EXPORT LOGISTICS LLC	19,117,000
HESS NORTH DAKOTA PIPELINES LLC	388,899,500
HESS TIOGA GAS PLANT, LLC	18,254,000
HILAND PARTNERS HOLDING LLC	151,668,500
LIBERTY RESOURCES II	11,697,000
MEADOWLARK MIDSTREAM COMPANY, LLC	123,938,000
ND LAND HOLDINGS LLC	8,578,000
NORTHERN BORDER PIPELINE COMPANY	115,082,000
ONEOK ROCKIES MIDSTREAM LLC	464,320,000
PARADIGM ENERGY PARTNERS LLC	18,712,000
PECAN PIPELINE (NORTH DAKOTA) INC	51,499,500
PETRO HUNT ET AL LLC	33,400
PETRO HUNT LLC	8,976,000

ANDEAVOR FIELD SERVICES COMPANY	43,486,500
ANDEAVOR GATHERING I LLC	10,639,000
RED RIVER ENERGY LLC	78,000
ROUGH RIDER PIPELINE CO	255,500
STATOIL OIL & GAS LP	62,867,500
STERLING ENERGY INVESTMENTS LLC	93,500
TARGA BADLANDS LLC	127,542,500
USG MIDSTREAM BAKKEN I LLC	30,776,500
USG WHEATLAND PIPELINE LLC	2,747,000
VIKING GAS TRANSMISSION	147,500
WBI ENERGY TRANSMISSION INC	48,054,500
WHITING PETROLEUM CORP	11,380,000
XTO ENERGY INC	28,384,500
Total	2,223,063,400

Ms. Leadbetter reported on the 2018 tentative assessments for oil pipeline companies. Tillman Davis, representative for Nustar Pipeline Operating Partnership LP, presented information to the Board. Mr. Davis pointed out mathematical errors in the capitalization rate study and requested that the property tax division staff revisit the calculations and Nustar Pipeline Operating Partnership LP's tentative assessment. Discussion followed. It was moved by Auditor Gallion and seconded by Commissioner Goehring to approve all 2018 tentative oil pipeline company assessments with the updated capitalization rate excluding Nustar, which would be revisited and approved at a follow up meeting. The 2018 tentative oil pipeline company assessments utilizing the updated capitalization rate totaled \$1,989,378,000. Upon roll call, all members voted "aye." Motion carried.

Oil Pipelines	Assessed Values
BAKKEN PIPELINE COMPANY LP	52,018,000
BAKKENLINK PIPELINE LLC	62,613,500
BELLE FOURCHE PIPELINE	35,229,500
BRIDGER PIPELINE LLC	150,864,500
CENEX PIPELINE LLC	7,289,000
DAKOTA ACCESS	566,601,000
DAKOTA MIDSTREAM LLC -OIL	2,141,500
ENABLE BAKKEN CRUDE SERVICES LLC	70,467,500
ENBRIDGE ENERGY LP	67,195,000
HAWTHORN OIL CO	1,395,000
HILAND CRUDE LLC	144,108,500
INDEPENDENT TRADING&TRANSPORTATION COMPANY 1 LLC	21,406,000
KINDER MORGAN COCHIN LLC	29,056,500
MAGELLAN PIPELINE COMPANY LP	12,764,500
NORTH DAKOTA PIPELINE COMPANY LLC	215,893,000
NUSTAR PIPELINE OPERATING PARTNERSHIP LP	19,355,500
OASIS MIDSTREAM SERVICES	8,413,500
ONEOK BAKKEN PIPELINE LLC	40,744,500

PELICAN GATHERING SYSTEMS LLC	16,758,000
PLAINS PIPELINE LP	24,083,000
ROSE ROCK MIDSTREAM CRUDE	3,252,000
SACAGAWEA PIPELINE COMPANY	95,718,500
SOUTHERN LIGHTS HOLDINGS LLC	948,000
TESORO GREAT PLAINS GATHERING - HIDDEN BENCH	20,800,000
TESORO HIGH PLAINS PIPELINE COMPANY	102,687,000
TIDAL ENERGY MARKETING US LLC	8,162,500
TRANSCANADA KEYSTONE PIPELINE LP	197,764,000
VANTAGE PIPELINE US LP	31,004,000
Total	2,008,733,500

Mr. Bakken, provided information on the valuation of the railroad industry. It was moved by Commissioner Goehring and seconded by Treasurer Schmidt that the Board approve the 2018 tentative assessment for railroad companies in the amount of \$513,780,500. Upon roll call, all members voted “aye.” Motion carried.

Railroad Companies	Assessed Values
BNSF RAILROAD COMPANY	355,000,000
DAKOTA, MISSOURI VALLEY & WESTERN RAILROAD	27,186,000
DAKOTA NORTHERN RAILROAD INC	484,000
NORTHERN PLAINS RAILROAD INC.	2,451,500
RED RIVER VALLEY & WESTERN RAILROAD COMPANY	31,409,500
SOO LINE RAILROAD COMPANY	97,339,500
Total	513,870,500

Ms. Leadbetter reported the 2018 tentative assessments for electric and gas utility companies. Commissioner Rauschenberger discussed asset stability for these companies. It was moved by Commissioner Goehring and seconded by Auditor Gallion to approve the 2018 tentative assessments for electric and gas utility companies in the amount of \$429,708,428. Upon roll call, all members voted “aye.” Motion carried.

Electric and Gas Utility Companies	Assessed Values
XCEL ENERGY SERVICES INC	137,045,000
MONTANA DAKOTA UTILITIES	197,184,000
OTTER TAIL POWER COMPANY	94,145,500
NORTHERN MUNICIPAL POWER COMPANY (MINNKOTA POWER COOP INC)	311,928
RAINBOW ENERGY MARKETING CORPORATION	5,000
NORTHWESTERN CORP	1,017,000

Total

429,708,428

Ms. Leadbetter gave an overview of the 2018 tentative assessments for wind generation companies. Mr. Bakken provided insight in the depreciation schedule used. It was moved by Commissioner Goehring and seconded by Commissioner Rauschenberger to approve the 2018 tentative assessments for wind generation companies in the amount of \$556,182,900. Auditor Gallion commented that the wind generation information could be of interest to the Public Service Commission. Governor Burgum asked that a trend line and where each company lies on the obsolescence scale be provided at next year's meeting. Upon roll call, all members voted "aye." Motion carried.

Wind Generation Companies	Assessed Values
MONTANA DAKOTA UTILITIES	14,876,500
ASHTABULA WIND II LLC	67,521,500
ASHTABULA WIND III LLC	26,991,500
ASHTABULA WIND LLC	69,230,000
BALDWIN WIND LLC	43,507,500
FPL ENERGY BURLEIGH COUNTY WIND LLC	13,258,000
FPL ENERGY NORTH DAKOTA WIND LLC	10,302,500
LANGDON WIND LLC	50,258,000
LANGDON WIND II LLC	20,754,500
FPL ENERGY OLIVER WIND I LLC	18,391,000
FPL ENERGY OLIVER WIND II LLC	21,182,000
WILTON WIND II LLC	29,107,000
OTTER TAIL POWER COMPANY	32,151,000
OTTER TAIL POWER COMPANY Langdon Wind Energy Center	19,874,500
OTTER TAIL POWER COMPANY Luverne Windy Energy Center	21,776,000
RUGBY WIND LLC	51,763,000
TATANKA WIND POWER LLC	43,769,900
VELVA WINDFARM LLC	1,468,500
Total	556,182,900

Ms. Leadbetter provided the Board with an overview of the statute based formula for electric distribution, transmission generation, electric generation from wind tax. It was moved by Commissioner Goehring and seconded by Treasurer Schmidt to approve the 2018 tax for electric distribution companies in the amount of \$10,021,157.96. Upon roll call, all members voted "aye." Motion carried.

Electric Distribution Tax

BURKE DIVIDE ELECTRIC COOP	\$	189,498.90
CAPITAL ELECTRIC COOP	\$	280,380.13

CASS CO ELECTRIC COOP	\$	969,426.07
CAVALIER RURAL ELEC COOP	\$	24,888.62
DAKOTA VALLEY ELECTRIC	\$	530,826.33
GOLDENWEST ELECTRIC COOPERATIVE INC	\$	28,280.90
KEM ELECTRIC COOPERATIVE INC	\$	66,646.65
LOWER YELLOWSTONE RURAL ELECTRIC ASSOC INC	\$	49,758.84
MCKENZIE ELECTRIC COOP	\$	2,558,182.61
MCLEAN ELECTRIC COOPERATIVE INC	\$	102,929.64
MOR GRAN SOU ELECTRIC COOP INC	\$	123,412.43
MOUNTRAIL WILLIAMS ELEC	\$	2,217,892.51
NODAK ELECTRIC COOP	\$	892,058.05
NORTH CENTRAL ELECTRIC COOPERATIVE INC	\$	182,878.68
NORTHERN PLAINS ELECTRIC	\$	365,005.83
ROUGH RIDER ELECTRIC COOPERATIVE INC	\$	597,483.80
SHERIDAN ELEC COOP INC	\$	32,896.84
SLOPE ELECTRIC COOPERATIVE INC	\$	341,913.45
TRAVERSE ELECTRIC COOP	\$	310.17
VERENDRYE ELECTRIC COOPERATIVE INC	\$	466,487.51
Total	\$	10,021,157.96

Ms. Leadbetter provided the Board with information regarding the exemption schedules in place for electric transmission tax. It was moved by Commissioner Goehring and seconded by Commissioner Rauschenberger to approve the 2018 tax for electric transmission companies in the amount of \$1,714,235.43. Upon roll call, all members voted “aye.” Motion carried.

Electric Transmission Tax

ALLETE INC	\$	103,495.90
ASHTABULA WIND II LLC	\$	3,608.40
ASHTABULA WIND LLC	\$	3,688.00
BASIN ELECTRIC POWER CO	\$	489,735.75
BRADY WIND, LLC	\$	1,351.05
CENTRAL POWER ELECTRIC COOP	\$	135,252.60
GOLDENWEST ELECTRIC COOPERATIVE INC	\$	990.00
GRAND ELECTRIC COOP., INC.	\$	3,200.00
GREAT RIVER ENERGY	\$	272,750.19
KEM ELECTRIC COOPERATIVE INC	\$	6,078.33
LOWER YELLOWSTONE RURAL ELECTRIC ASSOC INC	\$	3,033.59
MCKENZIE ELECTRIC COOP	\$	83,886.50
MINNKOTA POWER COOP INC	\$	400,784.02
MONTANA-DAKOTA UTILITIES CO.	\$	8,907.30
MOORHEAD PUBLIC SER DEPT	\$	1,746.00
MOR GRAN SOU ELECTRIC COOP INC	\$	31,405.08
MOUNTRAIL WILLIAMS ELEC	\$	70,120.96
NORTHERN STATES POWER COMPANY-MINNESOTA	\$	16,995.00
OLIVER WIND III, LLC	\$	359.02

OTTER TAIL POWER COMPANY	\$ 15,536.41
ROUGH RIDER ELECTRIC COOPERATIVE INC	\$ 27,629.35
RUGBY WIND LLC	\$ 3,070.55
SHERIDAN ELEC COOP INC	\$ 13,360.00
SLOPE ELECTRIC COOPERATIVE INC	\$ 11,774.50
SQUARE BUTTE ELECTRIC CO	\$ 1,327.20
TATANKA WIND POWER LLC	\$ 3,853.74
UPPER MISSOURI G&T ELECT	\$ 296.00
Total	\$ 1,714,235.43

Commissioner Rauschenberger explained the formula used to calculate the amount of tax due for each electric generation from wind company. Governor Burgum requested that the year each company came in to commission, the amount of power being generated and the tax formula be provided on the summary page next year. It was moved by Commissioner Goehring and seconded by Auditor Gallion to approve the 2018 tax for electric generation from wind companies in the amount of \$7,741,338.28. Upon roll call, all members voted “aye.” Motion carried.

Electric Generation from Wind Tax

ALLETE INC	\$ 2,129,237.12
BASIN ELECTRIC POWER CO	\$ 545,255.96
BRADY WIND II, LLC	\$ 701,368.88
BRADY WIND, LLC	\$ 721,285.64
BWF WIND	\$ 697,015.85
COURTNAY WIND	\$ 878,200.65
LINDAHL WIND PROJECT LLC	\$ 615,058.19
MINNKOTA POWER COOP INC	\$ 6,567.02
MONTANA-DAKOTA UTILITIES CO.	\$ 487,930.00
OLIVER WIND III, LLC	\$ 471,230.47
SUNFLOWER WIND PROJECT LLC	\$ 488,188.50
Total	\$ 7,741,338.28

Commissioner Rauschenberger discussed the formula as provided in statute for electric generation tax. It was moved by Commissioner Goehring and seconded by Commissioner Rauschenberger to approve the 2018 tax for electric generation in the amount of \$997,646.83. Upon roll call, all members voted “aye.” Motion carried.

Electric Generation Tax (from other sources other than wind or coal)

BASIN ELECTRIC POWER CO	\$ 848,575.00
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MINNKOTA POWER COOP INC	\$	10,108.83
OREG I	\$	46,151.00
OREG II	\$	92,812.00
Total	\$	997,646.83

Ms. Leadbetter presented the amount of telecommunications tax to the Board. It was moved by Commissioner Goehring and seconded by Treasurer Schmidt to approve the 2018 gross receipts taxes in the amount of \$8,598,842.99. Upon roll call, all members voted “aye.” Motion carried.

It was moved by Auditor Gallion and seconded by Commissioner Rauschenberger 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 14, 2018, 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. The Board discussed limiting appellants to 5 minutes with the option to grant additional time for questions as necessary.

The Board discussed that a call or meeting could be set up to review Nustar after review of each calendar for the following week. Ms. Leadbetter was charged with scheduling the follow up meeting.

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 3:26 p.m.

State Board of Equalization
July 17, 2018

The State Board of Equalization met in the Office of State Tax Commissioner's Conference Room on the eighth floor of the State Capitol Building, Tuesday, July 17, 2018 at 10:11 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

Governor Burgum called the meeting to order and addressed the only agenda item; the review of the Nustar Pipeline Operating Partnership LP tentative assessment. Commissioner Rauschenberger provided the Board with an explanation of the recalculated capitalization rate and the effect on other income weighted oil pipeline companies. Property Tax Specialist, Dustin Bakken, provided specifics on the corrections made.

It was moved by Commissioner Rauschenberger and seconded by Auditor Gallion to approve the 2018 tentative assessment for Nustar Pipeline Operating Partnership LP in the amount of \$19,355,500. Upon roll call, all members present voted "aye."

Linda Leadbetter, State Supervisor of Assessments, advised the Board that allocations would be sent to the counties after the meeting.

Governor Burgum adjourned the meeting at 10:17 a.m.

State Board of Equalization
August 14, 2018

The State Board of Equalization met in the Brynhild Haugland Room of the North Dakota State Capitol, Tuesday, August 14, 2018.

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 Commissioner Goehring and seconded by Treasurer Schmidt to approve the minutes of the July 10 and 17 meetings. Upon voice vote, all participating members voted “aye.” Motion carried.

Commissioner Rauschenberger went through procedural items. He explained that there will not be any action taken by the board today regarding the appeals. Individual investigations for the appeals presented and tolerance issues set before the board today will be assigned to the property tax division staff following the meeting.

The meeting was turned over to Linda Leadbetter, State Supervisor of Assessments. 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. She reviewed the tolerance level document and sales ratio study that have been made available electronically to the board. Counties not in tolerance are: Barnes, Cavalier, Foster, Grant, LaMoure, Pembina, Richland, Sioux and Steele. Ms. Leadbetter explained that the property tax division will work to address the assessment issues with those jurisdictions. Ms. Leadbetter provided an opportunity for representatives from counties out of tolerance to present information to the board. With no response, the board moved forward hearing individual appeals.

First appeal will be Cavalier County, Tom Valentine, Freemont Township. Mr. Valentine stated interpretation of rules need to be clearer. His concerns were inaccuracy of numbers, soil types need to be straightened out and equal, farm site land values, tree belt value per acre, and CRP and WRP need clarification as WRP is not assessed as cropland.

Hettinger County, Mike Schatz of New England. Mr. Schatz requested to lower the assessed property value on his residence based on recent sales in New England. He believes the document provided reveals an adjoining property was over appraised by 93,600 T & F value or 38%. Mr. Schatz wants property value to be reduced by same percentage for 2016, 2017 and 2018.

Governor Burgum asked when Vanguard was hired to perform the assessment in Hettinger County. Mike Schatz responded that Vanguard was hired in 2014 or 2015 by the county.

Commissioner Goehring questioned the neighbor's value of \$93,000. Mr. Schatz responded \$93,000 was the amount he believed the property to be over assessed.

Stark County, Carlos Royal of Dickinson. Mr. Royal told the Board, according to the assessor, no appraisal system is perfect even with the best models. According to two recent appraisals, Mr. Royal feels he is being over charged on his properties compared to fair market value. Mr. Royal feels this could be resolved with spot checks. He is asking for a spot check on his properties' market value. Mr. Royal is asking for an evaluation and correction to each individual property. Mr. Royal is appealing 5 apartment complexes within Dickinson.

Commissioner Rauschenberger explained that he and the Board will review the information provided in coming weeks.

Stark County, Terrance Clement of Dickinson. Mr. Clement shared that the Dickinson City Assessor reduced assessments on two properties and the county returned it to the higher assessment. Mr. Clement stated that rents are half of what they were years ago. Mr. Clement wants the assessments reduced on four of his properties.

Governor Burgum asked to confirm that the city board of equalization reduced assessment and the county board of equalization did not.

Stark County, Joe Hirschfeld, Assessor for the City of Dickinson. Mr. Hirschfeld explained that the sales ratio analysis requires thirty sales. Most of the time Dickinson has to go back three years to get an adequate number of sales. Mr. Hirschfeld indicated that the charts show the city followed market, but is lagging a bit. The trend at the end of the chart provided, by Mr. Hirschfeld, is based off information for 2018 sales; part of next year's study. Mr. Hirschfeld indicated that 2012-2014 sales value was much higher than assessed value.

Governor Burgum asked who requires the use of thirty sales. Mr. Hirschfeld commented that state guidelines require thirty sales for Dickinson. Last year city of Dickinson had sixteen commercial sales. He stated this is not adequate to do statistical analysis, but that he has always been able to get thirty sales within three years.

Governor Burgum asked about approach on spot checks.

Mr. Hirschfeld stated that he is not clear on the definition of spot checks and thought that is what sales ratio analysis was used to do. Dickinson has eleven sales for the 2018 year. Current sales medians are at 89%; well under market again. Last year's seven sales were at 115% of market.

Commissioner Rauschenberger stated trend lines are typical for western cities and counties throughout the boom and bust for rising values and lowering values having that lag. Spot checks will be looked into with more detail.

Joe Hirschfeld continued to share comments regarding spot checks. He shared that he reviews information with property owner by going through the property record card. Mr. Hirschfeld indicated that often the data received is limited for the income approach.

Commissioner Goehring asked when the request for data is sent. Hirschfeld replied that the request for data was sent in January. Information has to be compiled by the property owner. Mr. Hirschfeld stated that the bulk of the requests are not returned.

Commissioner Goehring asked if there have been other concerns presented. Hirschfeld responded, in regards to this year, the two apartment owners with issues are present today.

Carlos Royal was allowed to respond to assessor comments. Mr. Royal read information regarding spot checks. He is asking for a spot check on his property. He sent in his information at the end of December. He stated his properties are over assessed and would like them corrected.

Commissioner Goehring asked if there is a standard for spot checks.

Commissioner Rauschenberger stated that the interpretation of "shall" is mandatory, but what constitutes a spot check may be unclear.

Stutsman County, Jeff Zueger of Midwest Ag Energy and Dakota Spirit Ag Energy. In 2011 Spirit Ag Energy was awarded a progressive property tax exemption. Exemption started in 2015. A third party appraisal was completed and the provided data. Mr. Zueger believes personal property was included in the assessment. Stutsman County adopted the \$85 million assessment based upon sales approach. Comparisons to the Blue Flint ethanol plant in McLean County were presented.

Commissioner Goehring questioned whether the \$18.9 million for Blue Flint was the assessed value or the original value. Mr. Sieger stated it was the original value in 2007; today is over \$2 million. Blue Flint started in 2007 and Dakota Spirit started operation in 2015.

Stutsman County, Tyler Perleberg, Director of Tax Equalization. Mr. Perleberg submitted a letter of testimony. He shared that TY Pickett appraised property at \$124 million after construction was completed. Dakota Spirit Ag disagreed with the assessment based on the interpretation of real property of the North Dakota Century Code. Third party appraiser Natwick provided a valuation of \$19.76 million. Mr. Perleberg explained that Dakota Spirit Ag cost \$155 million to construct and is now requesting an assessment of \$19.76 million. That 19.7 million represents only 13% of overall cost. Spiritwood Township and Stutsman County ask the Board deny the appeal and retain the \$85 million market value.

Commissioner Goehring questioned the sales approach, stating that the plant in question is different from any facility in the United States. Mr. Perleberg stated that Pickett did not do sales approach value, but the Natwick appraisal used the sales approach to value.

Governor Burgum asked the State Equalization Board to follow up and take a look at all approaches at all plants. A brief discussion of real property versus personal property was held.

Commissioner Rauschenberger stated this discussion has been held at other meetings with the North Dakota Association of Assessing Officers. There are different opinions of the definition of real and personal property. Guidelines were created years ago using Supreme Court guidance. The Tax Commissioner will continue to work with assessors to review this concern.

Traill County, Michael Anderson of Anderson Farms provided handout of pictures of storage facility. The grain storage facility is located in Hillsboro, North Dakota. The elevator has a total grain capacity of 310,000 bushels. Mr. Anderson indicated that the facility had not been used commercially since 1997. Mr. Anderson is requesting the property be re-categorized to agricultural from commercial.

Commissioner Goehring asked if commercial use ceased in 1997 and purchased in 2002, why did the classification not change to agricultural at that time.

Michael Anderson stated that it was an oversight on his part. As assessment has increased he became more aware of the details of the property. Mr. Anderson stated the facility is truly used for his farm and is not taking anything in commercially.

Linda Leadbetter, State Supervisor of Assessments, stated that the property tax division will review this information during the investigation and look at assessment to determine its use.

Since it is in the city area and zoned, there are requirements. In order to be an agricultural building, it has to be on agricultural land. North Dakota Century Code will be used to make the determination of classification.

Barnes County, Darrel Schroeder stated he is here today to keep his home off of state tax roster.

Commissioner Goehring asked Darrel for background information.

Darrel Schroeder indicated that his rural residence was not deemed eligible for the farm residence exemption due to non-farm income. Mr. Schroeder asked when the last time the \$40,000 limit was changed and encouraged the Board to look at changing this limit.

Commissioner Goehring stated the Board cannot make the change. This type of change needs to be through legislation.

Governor Burgum asked what year was the 40,000 limit. *(Legal Counsel provided information to members of the board following the meeting: At today's annual State Board of Equalization Meeting, the Governor asked when the forty thousand dollar non-farm income cutoff was enacted into N.D.C.C. § 57-02-08(15) for purposes of the farm residence exemption. That cutoff amount was enacted into law in 1997.*

Previously, the non-farm income cutoff had been thirty thousand dollars (enacted in 1985). The non-farm income cutoff was first enacted into law in 1983, and was then set at twenty thousand dollars.)

Burke County, Ray Sheldon of Basin Transload and Global Companies. Mr. Sheldon filed a written appeal for parcels 47-10000 and 47-1000; stating the parcels are technically on the same property. One is owned by Basin Transload and the other owned by Global Companies. These properties were appealed last year. Mr. Sheldon questioned the real versus personal property included in the assessment. He stated that the methodology used by staff last year should be used this year with the updated information provided.

Governor Burgum asked if Basin is still shipping from this property.

Ray Sheldon commented that they are having limited trains ship recently.

Governor Burgum asked if the loading facility is viable, but not active. Mr. Sheldon agreed that the loading facility is viable and not active.

Linda Leadbetter, stated this completes list of presenters and asked for any other public comment.

Treasurer Schmidt suggested when setting up agenda for next year to have discussion on the difference between real and personal property and to work with the legislature for clarity. Treasurer Schmidt also suggested that the non-farm income of \$40,000 be considered in the next legislative session.

Commissioner Rauschenberger thanked everyone for attending and explained that investigations will be performed for the tolerance level and appeals presented today. Recommendations will be provided to the State Board of Equalization at a September meeting.

Governor Burgum thanked the staff and team for coming and the discussion today. Commissioner Rauschenberger moved to adjourn. The motion was seconded by Auditor Gallion. Upon voice vote, all members voted "aye." Motion carried.

State Board of Equalization
September 24, 2018

The State Board of Equalization met in the Peace Garden Room of the North Dakota State Capitol, Monday, September 24, 2018.

The following member was absent:

Doug Goehring, Commissioner of Agriculture

The following members were present:

Governor Doug Burgum, Chairperson

Kelly Schmidt, State Treasurer

Josh Gallion, State Auditor

Ryan Rauschenberger, Commissioner of Tax and Secretary of the
State Board of Equalization

It was moved by Auditor Gallion and seconded by Treasurer Schmidt to approve the minutes of the August 14 meeting. Upon voice vote, all participating members voted “aye.” Motion carried.

Commissioner Rauschenberger went through procedural items. He noted all items have been investigated, working with cities, counties and appellants to reach today’s recommendations. If there is no recommendation, no motion or vote is needed by the board. Commissioner Rauschenberger mentioned we’re the last step in the appeal process for property valuations, but the taxpayer always has the option of the abatement process as well. The recommendations from staff are for board consideration, however this is not a hearing, so floor testimony is upon approval of the chair only.

The meeting was turned over to Linda Leadbetter, State Supervisor of Assessments to begin review of appeals.

Ms. Leadbetter reviewed the analysis for Barnes County commercial property. A recommendation to direct Barnes County to reduce commercial assessments by 6% was presented. Motion by Treasurer Schmidt. Second by Commissioner Rauschenberger. Governor Burgum asked for explanation on the valuation. Ms. Leadbetter explained that there were some errors in the calculation and that she had worked with the tax director to review. New values were resubmitted and recalculated resulting in the recommendation of a reduction of 6%. Governor Burgum asked if we would change the “issue” language in at the beginning of the statements so they would not use the word “need.” Staff agreed to make the adjustment throughout the recommendations to reflect less confusing language. Upon voice vote, all participating members voted “aye.” Motion carried.

Kristine Hillaert, Property Tax Specialist, presented the recommendation for the Barnes County – Schroeder residential appeal. It was recommended that no action be taken as the appellant did not follow the appeal process. Governor Burgum asked which part of the processes was missed. Ms. Leadbetter explained the citizen had not appealed to the township or county,

prior to the state board, as is the process required by law, and noted the citizen could still follow the abatement processes if desired. No action needed.

Dustin Bakken, Property Tax Specialist, presented information for the Burke County - Basin Transload facility. A review of the assessment resulted in a recommendation of reducing the structure values on the parcels by 62% to account for the economic obsolescence factor. Motion by Commissioner Rauschenberger. Second by Auditor Gallion. Governor Burgum asked if we are applying a consistent methodology across review of industrial properties. Mr. Bakken shared that in real property verses personal property issues, the answer is yes; however, this property has the obsolescence issue which would be specific to this property. Governor Burgum asked if other properties might come back and want their assets looked at in this manner. Commissioner Rauschenberger reminded that this property and others would have the abatement process available if they had concerns. It was noted that the facility is located in Columbus, Burke County, near the Canadian border, and nowhere in the Bakken oil footprint. Upon voice vote, all participating members voted "aye." Motion carried.

Ms. Leadbetter reviewed the analysis on Cavalier County residential property. The review resulted in a recommendation of decreasing all residential assessments by 5%. Motion by Commissioner Rauschenberger. Second by Auditor Gallion. Upon voice vote, all participating members voted "aye." Motion carried.

Mr. Bakken presented information on the Cavalier County – Fremont Township Valentine appeal regarding agricultural land assessments. It was recommended there be no change to the assessments, but that the county be asked to work directly with the landowner on future assessments and report back to this board to ensure data is accurate. Motion by Commissioner Rauschenberger. Second by Auditor Gallion. Governor Burgum questioned if the county was using appropriable soil valuations. Mr. Bakken indicated that there were some small errors in some of the data, but they resulted in no significant errors in the soil valuations themselves. Treasurer Schmidt asked if this is similar to an incident with Mr. Valentine she remembered from last year. It was shared this was a separate issue. Mr. Bakken shared that the county has been asked to work in concert with the townships to ensure appropriate valuations. Treasurer Schmidt asked to what end result. Mr. Bakken said we intend to report back on their progress based on the issues that have occurred. Upon voice vote, all participating members voted "aye." Motion carried.

Ms. Leadbetter reviewed the Foster County commercial property tolerance. Foster County was found to be below the tolerance level and a recommendation was made to increase all commercial properties by 4%. Motion by Treasurer Schmidt. Second by Commissioner Rauschenberger. Auditor Gallion noted that this recommendation is outside, or above, the 90% tolerance level of the board and cannot support. Ms. Leadbetter related that this board had directed that counties below 90% in tolerance would be brought to 93%. Governor Burgum asked about what the board's decisions on levels was. Ms. Leadbetter explained that a range from 90-100% had been set based on the board's prior conversation. Commissioner Rauschenberger shared that last year Kevin Ternes was brought in to educate about the board about tolerance levels, and encouraged the board to create a range for counties to shoot for to attempt to move them towards 100%. The goal of which is to ensure that all classes have a fair

tax burden and that one class isn't bearing more burden than it should. Governor Burgum questioned, based on the data we have, can we narrow the band of tolerance from a 10% range, to 7% if we are taking them to 93% anyway. Ms. Leadbetter noted that international standards are followed regarding assessment tolerances, and that a 10% range in tolerance is very acceptable. She also explained that the 93% was established to provide a goal to gain greater consistency and to move jurisdictions closer. Upon voice vote, Commissioner Rauschenberger, Treasurer Schmidt, Governor Burgum – Aye; Auditor Gallion – Nay. Motion carried.

Information on the Grant County commercial property tolerance was reviewed. Ms. Leadbetter recommended that Grant County increase commercial assessments by 11% and review notice requirements. Motion by Commissioner Rauschenberger. Second by Treasurer Schmidt. Governor Burgum asked about methodology, which Ms. Leadbetter reviewed, noting that percentages can seem large on smaller sale properties. She reviewed the factors considered and the valuations used. Governor Burgum asked if the outliers are included in the usable sales, and Ms. Leadbetter explained that as arm's-length transactions, they are included, but explained the median ratio. Governor Burgum questioned if our process is good enough for counties which have small sample sizes. Ms. Leadbetter noted there are other approaches that can be used for small sample counties, such as the cost approach, income approach, etc.; so there is methodology in these instances. Governor Burgum asked if data is tracked by county in terms of usable sales, and are there trend lines. She noted that the sales study tracks sales on an annual basis, and they can use three prior years for numbers, and the current assessment; therefore, we'd have history of the usable sales. It was noted that a new tax director in this county did require some adjustments on how calculations were made. Upon voice vote, Commissioner Rauschenberger, Treasurer Schmidt, Governor Burgum – Aye; Auditor Gallion – Nay. Motion carried.

Ms. Leadbetter reviewed information on Grant County residential properties, many of which are lakeshore property. A recommendation of a 20% increase in assessments on lakeshore was made. Motion by Commissioner Rauschenberger. Second by Treasurer Schmidt. Treasurer Schmidt asked why "residential" lakeshore was included. Ms. Leadbetter noted that they didn't see discrepancies in the commercial properties on the lakeshore, but did in the residential which resulted in the recommendation. Governor Burgum asked are we getting them to 89%, not 93%. Ms. Leadbetter shared that since this was lakeshore, when combined with non-lakeshore residential, which was at 95% (primary residence), it allowed them to stay in the tolerance levels at the county level. Governor Burgum noted that language in the recommendation needed to be updated slightly. Treasurer Schmidt asked if all counties break out lakeshore property. Ms. Leadbetter noted that if they can identify it as such and can do so in sales they should be identifying. Auditor Gallion asked about a person who is above 86%, and would that property be above 100% with this adjustment. Ms. Leadbetter noted that a taxpayer who is above would have the ability to file for abatement with the county. She explained that when equalizing across a property class, there is often a taxpayer who falls into a position of outlier, (above or below tolerance) which is why the abatement process is in place to give a taxpayer a process to seek fairness based on the broad class decision. Upon voice vote, Commissioner Rauschenberger, Treasurer Schmidt, Governor Burgum – Aye; Auditor Gallion – Nay. Motion carried.

Ms. Hillaert reviewed the appeal by Hettinger County on the Schatz residential property. It was shared that the concerns were based on the property in question being compared to a

newer property, which was 26 years younger, with greater square footage. Recommendation of no change was presented. No action needed.

Ms. Leadbetter presented the LaMoure County agricultural information. A direction to LaMoure County to increase agricultural land assessments by 5 % was made. Motion by Commissioner Rauschenberger. Second by Treasurer Schmidt. Auditor Gallion noted it could be increased by just 2% to 90%, which would be in tolerance. Treasurer Schmidt noted that this board works to move assessments incrementally, so moving to 90% means coming back later for a bigger ask in a following year and that is why the board has pushed for 93% as a goal point for counties below 90%. If a change in philosophy is the desire of the board, Treasurer Schmidt encouraged that to happen after the meeting. Commissioner Rauschenberger agreed with the current policy direction and encouraged open discussion if the board would like to revisit the recommendation of 93%. Governor Burgum noted that the board's actions relate to an equalized assessment within a jurisdiction, and do not necessarily create a tax increase. Upon voice vote, Commissioner Rauschenberger, Treasurer Schmidt, Governor Burgum – Aye; Auditor Gallion – Nay. Motion carried.

Ms. Leadbetter continued with the LaMoure County commercial property review. She shared the process of investigation and gave a recommendation to increase all commercial assessments by 8%, and provide a report back to the board by December. Motion by Treasurer Schmidt. Second by Commissioner Rauschenberger. Ms. Leadbetter provided a greater explanation into the market value around the property assessments to better explain the adjustment after a recent review by Vanguard Assessments, which is why a report back to the board was asked for to ensure appropriate values coming into the 2019 tax cycle. Governor Burgum asked if the county had the appropriate information. It was noted that some changes in tax director staffing and visits with the county resulted in the outcome presented today. The goal is to help stabilize shifts in the taxation. Ms. Leadbetter shared that continuing education with new tax directors is ongoing. Upon voice vote, Commissioner Rauschenberger, Treasurer Schmidt, Governor Burgum – Aye; Auditor Gallion – Nay. Motion carried.

Ms. Leadbetter shared information on the Pembina County commercial property tolerance. The team reviewed the information from a new tax director and found them to be below tolerance. A recommendation of an increase of 7% on all commercial properties was made. Motion by Treasurer Schmidt. Second by Commissioner Rauschenberger. Governor Burgum asked if there is any way to ask the county to move its aggregate to 93% or is this impacted by the data limit. Ms. Leadbetter explained that they will work with the assessors to look at grouping their assessments to create similarities in the information they are reviewing. She sees it as a goal in assessment education to continuously be working with assessors to keep information up to date to consider incremental changes in their data. Governor Burgum wanted to know as we work to get counties to 100%, could we ever direct them to get their aggregate value to 93%, rather than a fixed percentage increase. Ms. Leadbetter reflected that that's what we hope they are doing on an annual basis relating to their sales and information they are gathering. A question regarding the timeline of this change was asked, Ms. Leadbetter shared that the change needs to be made so they can create the 2018 assessment for this taxable valuation. Treasurer Schmidt reflected that assessors sometimes cannot hit challenges in moving values in their own jurisdictions as commissions don't always agree with the recommendations

brought forward. Upon voice vote, Commissioner Rauschenberger, Treasurer Schmidt, Governor Burgum – Aye; Auditor Gallion – Nay. Motion carried.

Ms. Leadbetter reviewed the Richland County residential tolerance. Based on review of properties, a recommendation of an increase of 7% on all residential assessments was made. Motion by Commissioner Rauschenberger. Second by Treasurer Schmidt. Sandy Fossum, Richland County Tax Director, spoke in favor of the recommendation and shared she wished it could be more. Upon voice vote, Commissioner Rauschenberger, Treasurer Schmidt, Governor Burgum – Aye; Auditor Gallion – Nay. Motion carried.

Ms. Hillaert shared information on Sioux County commercial property. She reviewed that the last commercial sale in Sioux County was four years ago. She prepared appraisals on properties and shared the methodology use to come up with a recommendation of no change, but asked that Sioux County report back to the board in December with regards to creating property tax record cards and assessment information. Motion by Treasurer Schmidt. Second by Commissioner Rauschenberger. Upon voice vote, all participating members voted “aye.” Motion carried.

Ms. Hillaert continued with a recommendation of an increase of 15% on all Sioux County residential property. In working with the Sioux County tax director, a process of review was conducted and the director is in support of this recommendation. A report back to the board is requested, along with the creation of property cards for all residential property. Treasurer Schmidt asked if it was a new assessor, and it was shared it was not. The Auditor and Tax Director is a shared position in Sioux County, with limited availability to do assessments. Sioux County, shared Ms. Leadbetter, has very limited parcels that are taxable. Governor Burgum asked if this was only on private deeded land, not trust land. It was shared that this is only for taxable property. Motion by Commissioner Rauschenberger. Second by Treasurer Schmidt. Governor Burgum asked where the 15% gets us to tolerance. Ms. Leadbetter shared that as there is limited data it was not possible to make this determination, however values are low and the 15% is a move in the appropriate direction as more information is gathered for future review. Upon voice vote, Commissioner Rauschenberger, Treasurer Schmidt, Governor Burgum – Aye; Auditor Gallion – Nay. Motion carried.

Governor Burgum asked Auditor Gallion if he would share his logic behind his no vote on the prior issue. Auditor Gallion shared he did not feel he had enough information to support an increase when there was not information on where tolerance actually fell, or how 15% was arrived at.

Kimberly Vietmeier, Property Tax Specialist, shared information on the Stark County - Dickinson 8th Avenue appeal by Carlos Royal. An analysis was conducted and a recommendation of no change was presented. No action needed. The Governor asked what approaches had been used in the determination. Ms. Vietmeier shared she used three varying methods, and feels that the county board approved the correct value. Governor Burgum asked if we were dealing with Stark County appeals in one motion. Commissioner Rauschenberger shared we'll be taking them one at a time as each are different. Governor Burgum invited David Bauer, who represents the property management for Carlos Royal, to speak. Mr. Bauer shared

that he believes inappropriate expense amounts have been used in making the determinations, and still has a remaining concern. City Assessor for Dickinson, Joe Hirschfeld, shared that they are using the Vanguard method for valuation, and that many other properties that are valued have not brought forward issues. He requested we not make adjustments as it will make other properties question their valuations if we're adjusting these few. He shared Vanguard will be making a property review in 2019.

Governor Burgum asked to review all the Dickinson appeals prior to voting.

Ms. Vietmeier reviewed information on the Dickinson Century Apartments, owned by Carlos Royal, and recommended a decrease in parcel value of 35%.

Ms. Vietmeier continued with the Dickinson Park Place review. The method of analysis was shared with the group. Ms. Vietmeier explained that on all properties in Stark County she applied three approaches to value – cost, income, and sales. Based on the analysis, a recommendation of a 16% decrease was suggested for this property.

Governor Burgum asked if valuations approved by the city were changed by the county. Ms. Vietmeier shared that indeed you will see that change in most of the properties presented as explained in the first paragraph of the report. Ms. Vietmeier provided insight into her methodology as she looked at each property. Governor Burgum asked if there was availability of broad data from the city regarding vacancy and sales. Mr. Hirschfeld shared that the city is seeing lower vacancies, and that rents are going up in some properties.

The next property under review was the Dickinson Royal Manor, owned by Carlos Royal. A recommendation of an increase of 7% was presented.

With regards to the Dickinson Silvergate Townhomes, owned by Carlos Royal, a recommendation of a decrease by 23% was presented.

The next property reviewed was the Dickinson 23rd Avenue property, owned by Terrance Clement. A recommendation of a decrease of 11% was presented. The year built and amenities in the property weighed in the valuation, as this is a larger rental unit.

Another property owned by Terrance Clement, Jewel Blue, was recommended as a decrease of 10%. Governor Burgum asked about the city/county valuations and it was shared this property was similar to the other instances. He asked if the city and county were using different numbers or do we know what the difference is. Natalie Wandler, Stark County Tax Director, shared that the county went with Mr. Hirschfeld's original recommendation. The group felt leaving them for this year was appropriate and asked for a reassessment next year. Governor asked if the city assessments go to the county first. Ms. Leadbetter shared that the separate governing bodies do function as their own entities and adopt the assessments at the respective meetings. Ms. Leadbetter shared that cities and townships meet in April and then need to share information with the county for its June equalization meeting.

Information on the Abode property, owned by Terrance Clement, was shared. It was recommended that there be a reduction of 18%.

The final property Temili, owned by Terrance Clement was reviewed. It was recommended that the assessment be reduced by 25%.

Governor Burgum asked if the starting point for these properties was 11% below the prior year. Mr. Hirschfeld confirmed that was the case, and that the city was attempting to stay above the 90% tolerance. Governor Burgum asked if any of these recommendations move the county out of tolerance. Ms. Leadbetter shared that when they review individual appeals they do not take into account the impact on the overall tolerance at the county level.

Governor Burgum asked about the aggregate of these changes. Commissioner Rauschenberger shared we could calculate that fairly quickly, but reminded that we do not take that into account in reviewing the individual appeal. Mr. Hirschfeld shared as an estimate it would likely be about a 2% decrease overall in tolerance. Governor Burgum noted we have nine individual appeals on apartment buildings out of the 196 total apartments. Mr. Hirschfeld shared his concerns with some of these adjustments is that they could take these apartments below where values should be. He shared, based on his assessment, he was comfortable coming in a little high as it would help to manage the swings that can be created by a volatile market. Commissioner Rauschenberger shared that we need to look at assessments as of February 1, and work with the data received to make the best recommendation we can on that timeframe. He noted that Mr. Hirschfeld is right, that data can move a lot in a short time, but we must look to the deadline date of February 1. Governor Burgum reflected that our goal is not to be forecasters, but to look at it from a date in time.

Governor Burgum shared that if we move forward with the recommendations presented here, those values would be in place to begin the process next year as well. He questioned if we are high on the way down, how do we end up at 90% and possible 88%, if we are on the downslope. Ms. Leadbetter reflected this isn't just apartments, it is all commercial properties, which then makes it more complex. Governor Burgum asked if we know what the percentage of properties in Dickinson is apartments. Mr. Hirschfeld shared that it is likely below 1/3 to 25% of all properties in the city.

Governor Burgum shared we have 9 appeals to vote on and that votes would be taken in the order reviewed.

- 8th Avenue – Motion by Treasurer Schmidt. Second by Auditor Gallion. Recommendation is no change. Upon voice vote, all participating members voted “aye.” Motion carried.
- Century – Motion by Treasurer Schmidt. Second by Auditor Gallion. Recommendation decrease of 35%. Upon voice vote, all participating members voted “aye.” Motion carried.
- Park Place – Motion by Treasurer Schmidt. Second by Auditor Gallion. Recommendation of a decrease of 16%. Upon voice vote, all participating members voted “aye.” Motion carried.

- Royal Manor – Motion by Commissioner Rauschenberger. Second by Auditor Gallion. Recommendation increase of 7%. Governor Burgum asked about the methodology. It was shared we used multiple methods to determine this amount. Commissioner Rauschenberger noted that our valuations are simply an adjustment off of the original valuation. Upon voice vote, all participating members voted “aye.” Motion carried.
- Slivergate Townhouse – Motion by Treasurer Schmidt. Second by Auditor Gallion. Recommendation of a decrease of 23%. Upon voice vote, all participating members voted “aye.” Motion carried.
- 23rd Avenue – Motion by Treasurer Schmidt. Second by Auditor Gallion. Recommendation of a decrease of 11%. Upon voice vote, all participating members voted “aye.” Motion carried.
- Jewel Blue – Motion by Treasurer Schmidt. Second by Auditor Gallion. Recommendation of a decrease of 10%. Upon voice vote, all participating members voted “aye.” Motion carried.
- Abode – Motion by Treasurer Schmidt. Second by Auditor Gallion. Recommendation of an 18% reduction. Upon voice vote, all participating members voted “aye.” Motion carried.
- Temili – Motion by Treasurer Schmidt, Second by Auditor Gallion. Recommendation of a 25% reduction. Upon voice vote, all participating members voted “aye.” Motion carried.

Ms. Leadbetter shared the recommendation for Steele County commercial property. No action is recommended. No action is needed.

Mr. Bakken shared the Dakota Spirit Ethanol appeal from Stutsman County. He reviewed some of the appraisal information from the appellant. A site visit was conducted and the issue of real versus personal property valuation was considered. A review of individual assets was conducted and a recommendation of a reduction of 60% was presented. Governor Burgum questioned what was classified as personal. Mr. Bakken shared it was anything that would effectuate the process. The real property that was left was buildings, bins, and items related to those buildings. Motion by Treasurer Schmidt. Second by Auditor Gallion. Governor Burgum invited Jeff Zuger, CEO for Dakota Ag Energy, to the podium. Mr. Zuger thanked Mr. Bakken for his professionalism in his review. He had a recommendation that the state have trained assessors available to counties in the matter of industrial properties. He also recommended a clearer definition with regards to real and personal property. Treasurer Schmidt said the legislature needs to get on board with that. Governor Burgum asked if the Tax Department would consider this change moving forward. Commissioner Rauschenberger shared this is a continuing discussion, and we currently use a Supreme Court decision that created the guidelines we follow. He shared we’ve asked the tax assessors to look at a better definition of real versus personal property. Commissioner Rauschenberger shared he’ll be meeting with assessors again, and will encourage them to move this process forward. He related that it truly needs to be a team effort. Treasurer Schmidt feels that those who come into the state to do assessments, need to be trained similar to our assessors. This is legislation she feels could be a good beginning to make this process more consistent and hold outside agencies to the same standard. Governor asked for anyone from Stutsman County to speak. Tyler Perleberg, Tax Director from Stutsman County, asked for greater clarity for real versus personal property. He felt that having an industrial

appraisal wasn't really helpful in their process. The best guidelines he has seen were from the 1971 Supreme Court Decision, so he'd like to see greater clarity. Upon voice vote, all participating members voted "aye." Motion carried.

Mr. Bakken shared the Anderson property appeal in Traill County report. He noted there were changes made to the structures since the facility's purchase and some improvements were made. He did an analysis of these changes and made a recommendation of a reduction of 32%. He noted the facility no longer meets the requirements for a BNSF loading facility. Motion by Treasurer Schmidt. Second by Auditor Gallion. Upon voice vote, all participating members voted "aye." Motion carried.

The Williston Ridgeview appeal was reviewed by Ms. Hillaert. She conducted a site visit and communicated with HUD in Williston to determine the fair market value on this property. It was recommended to reduce the assessment by 35%. Motion by Commissioner Rauschenberger. Second by Treasurer Schmidt. Upon voice vote, all participating members voted "aye." Motion carried.

The Williston Nokota property was presented with a recommendation to reduce the value by 22%. This property was also analyzed using information from HUD. Motion by Auditor Gallion. Second by Commissioner Rauschenberger. Governor Burgum asked if it is normal on a low-income property to value that property lower. Ms. Leadbetter shared that if using an income method, limited rents will be taken into consideration. A slight error in wording in the recommendation was noted to be adjusted. Upon voice vote, all participating members voted "aye." Motion carried.

Governor asked for any other business. Commissioner Rauschenberger moved 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. Second by Auditor Gallion. Governor Burgum asked if the reference to Devils Lake is the Devils Lake project, which Ms. Leadbetter confirmed to be true as created in law. Upon voice vote, all participating members voted "aye." Motion carried.

Commissioner Rauschenberger thanked the board and the property tax team, and those in attendance for being part of this process. Treasurer Schmidt asked where we can go with the direction of requiring out of state assessors to have the same education as our in-state assessors. Commissioner Rauschenberger shared that anyone can put a valuation on the land, but it is ultimately up to the Tax Director. There is some question around if the state should do industrial assessments, but that creates conflict as the state also equalizes. Treasurer Schmidt shared she continues to hear that tax directors need clarity and wondered how we can create better process. She encouraged support of any efforts in this direction. Governor Burgum noted that Commissioner Rauschenberger and Treasurer Schmidt can bring up this topic when they meet with the tax directors later this fall. Commissioner Rauschenberger noted that the tax directors are now a part of the North Dakota Association of Counties board so they may be a key partner.

Governor Burgum thanked the staff members for their work, and those who traveled to participate today. Meeting adjourned 2:52 p.m.