The State Board of Equalization will meet in the Conference Room, Office of State Tax Commissioner, eighth floor, Tuesday, August 1, 2017, at 3:00 p.m.

The following items are on the agenda:

1. Approval of the minutes of the May 4, 2017 meeting
2. Hearing for centrally assessed companies on the 2017 tentative assessments
3. Hearing for telecommunications carriers on the 2017 telecommunications gross receipts taxes
4. Approval of the State Medical Center Resolution
5. Preview of the August 8, 2017 meeting
6. Other business

cc: Justin Dever, Commerce Department
Joe Morrissette, Deputy Tax Commissioner
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.