



Memorandum

To: Honorable Doug Burgum, Governor
Honorable Kelly Schmidt, State Treasurer
Honorable Joshua Gallion, State Auditor
Honorable Doug Goehring, Commissioner of Agriculture
Honorable Ryan Rauschenberger, Tax Commissioner

From: Linda Leadbetter, State Supervisor of Assessments

Date: March 25, 2019

Subject: Meeting of the State Board of Equalization

The State Board of Equalization will meet in the Governor's Conference Room, North Dakota State Capitol, ground floor, Thursday, April 4, 2019, at 10:30 a.m.

The following items are on the agenda:

1. Approval of minutes from the December 6, 2018, meeting
2. Review of Burke Divide Electric Cooperative transmission line tax assessment
3. Other business

cc: Sandy McMerty, Deputy Tax Commissioner

State Board of Equalization
December 6, 2018

The State Board of Equalization met in the Peace Garden Room of the State Capitol Thursday, December 6, 2018, at 10:30 a.m.

The following member was absent:

Kelly Schmidt, State Treasurer

The following members were present:

Lieutenant Governor Brent Sanford, Chairperson

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 10:33 a.m.

It was moved by Commissioner Goehring and seconded by Auditor Gallion to approve the minutes from the October 4, 2018 meeting. All members voted “yes”. Motion carried.

The meeting was turned over to Linda Leadbetter, State Supervisor of Assessments, to provide the counties local assessment status reports as required by the State Board of Equalization. No questions or concerns were expressed.

The third item on the agenda was the Assessment Survey Summary. Commissioner Rauschenberger discussed the large amount of data that was provided to us from the counties. He made note that there are now fewer township assessors and more county level assessors due to the required education. Commissioner Goehring questioned how many counties are using soil surveys to assess the proper rate on agland. Ms. Leadbetter replied there are only 2 counties that are not up to date. Commissioner Goehring proposed the question of farm exemption. Commissioner Rauschenberger responded that if the state gets rid of the farm exemption program there would be a need for all new assessments on all these properties. Commissioner Rauschenberger also pointed out that a common statement made by the counties was a need for the state to have its own industrial appraiser. However, he worries that if the state is the original assessor how will the appeals be managed since that is also done at the state level. Commissioner Goehring asked if there is a potential plan to create a state industrial assessor in the Tax Department. Commissioner Rauschenberger replied that the Tax Department did not put that in the budget and expressed he thinks that is something the Association of Counties should look into so there would be separation when it came to appeals. Commissioner Rauschenberger asked the board to review the Assessment Survey if they hadn't done so already and any questions can be addressed at a later date.

Ms. Leadbetter gave an update on the progress of the Real vs. Personal Property working group. She noted the importance of educating out of state appraisers to be ND specific. Also, the group is working to update the guideline with input from each region to present a finalized guideline at the winter workshop in January. Ms. Leadbetter commented that the guideline is to be used as a starting point but it should still be the assessor's opinion. Commissioner Rauschenberger reiterated that the guideline needs to be applied and provided to outside assessors and counties should make sure it is followed.

The fifth item on the agenda was the 2019 State Board of Equalization meeting schedule. Ms. Leadbetter made note to be aware of the meeting room change during legislative session.

Lastly, Commissioner Rauschenberger reviewed the tolerance levels for assessments for 2018 and recommended to keep the current policy of the following: a tolerance of 90 to 100 percent for agricultural, residential and commercial property assessments. Jurisdictions outside of tolerance would be increased to 93 percent of market value or agricultural value, or be reduced to 100 percent. The motion would still allow the Board flexibility to deal with certain circumstances where counties might need a little more time to get within tolerance. The motion was moved by Commissioner Goehring and seconded by Commissioner Rauschenberger. Auditor Gallion expressed that he believes setting a floor sends the wrong signal and enables inaction and poor decisions by city and county commissioners. Auditor Gallion suggested leaving the top at 100.00 percent but removing the floor completely and if a county is over 100 percent then they should go to 97 percent. He also commented that the state should not step in and do the counties jobs for them. Lieutenant Governor Sanford questioned what would happen if there was no lower limit. Discussion was held about mill values and budgets being met. Commissioner Rauschenberger explained that if there is no floor, residential could be at 80-85 percent then agriculture and commercial would have to make up the rest of the difference and end up paying more than residential. Lieutenant Governor Sanford stated that the range of 90-100 is used to keep things fair and not having to publish a plus or a minus is good. Commissioner Rauschenberger commented that having the floor is a way of keeping every category close and if there was not a goal the counties may not equalize themselves. Commissioner Goehring stated that this Board is charged with the authority to make them equal and that is what the legislature expects. Upon roll call, Commissioner Rauschenberger, Commissioner Goehring, Lieutenant Governor Sanford-Aye; Auditor Gallion-Nay. Motion carried.

Auditor Gallion introduced new Deputy State Auditor Brian Johnson.

Lieutenant Governor Sanford adjourned the meeting at 11:16 a.m.