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: November 2, 2107

Subject: Meeting of the State Board of Equalization

The State Board of Equalization will meet in the 8th Floor Conference Room of the North Dakota State Capitol, Thursday, November 2, 2017, at 3:00 p.m.

The following items are on the agenda:

1. Approval of the minutes
2. State Board of Equalization timeline and process review
3. Other business

cc: Justin Dever, Commerce Department
    Joe Morrissette, Deputy Tax Commissioner
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
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 Mr. 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 lact 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 was 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 it’s 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 a 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, and 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 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.