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: December 12, 2017

Subject: Meeting of the State Board of Equalization

The State Board of Equalization will meet in the Peace Garden Room of the North Dakota State Capitol, Monday, December 18, 2017, at 2:30 p.m.

The following items are on the agenda:

1. Approval of the minutes

2. Kevin Ternes, Minot City Assessor presentation regarding assessment ratio level

3. State Board of Equalization assessment ratio tolerance level review

4. Other business

cc: Justin Dever, Commerce Department  
    Joe Morrissette, Deputy Tax Commissioner
State Board of Equalization  
November 2, 2017

The State Board of Equalization met in the Conference Room of the Office of State Tax Commissioner Thursday, November 2, 2017 at 3:00 p.m.

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

Governor Burgum called the meeting to order.

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

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

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

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

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

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

Auditor Gallion asked about the different methodologies to determine property is equalized across county lines as discussed in an appeal from the previous meeting. Ms. Leadbetter stated the methodology for the appeal was verified and the assessment was completed in an acceptable manner.
Governor Burgum asked if the tax department has a way to compare the value of assessed property statewide year over year. Ms. Leadbetter discussed the upload process to report the abstract of tax list, as well as the statistical report that is available online. Governor Burgum asked how many political subdivisions are in the state. Ms. Leadbetter and Commissioner Rauschenberger said there are about 2,000 political subdivisions. Governor Burgum asked if aggregate data is available for each political subdivision and if it is possible to determine which subdivision’s mills increased, decreased or stayed the same. Commissioner Rauschenberger spoke about the new reporting requirements per legislative changes that will be uploaded in a few weeks.

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

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

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

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

Governor Burgum asked if each county has the ability to determine criteria for farm residences or if the criteria are consistently applied across the state. Ms. Leadbetter explained the seven criteria to determine agricultural land in North Dakota Century Code and the requirements for the farm residence exemptions. The Board discussed challenges some counties face gathering income information and the acceptance or denial of farm residence applications when presented to the county commission. Discussion followed about enforcement of the law.

Governor Burgum asked if there is anything in state law about special assessments. Commissioner Rauschenberger responded that special assessments are handled at the local level and the Board does not have authority over specials at this time. Ms. Leadbetter said the aggregate special assessments are reported through the Abstract of Tax List. Governor Burgum requested the data that is available. Governor Burgum posed the question, “Should special assessments be included in the prevue of the State Board?” Discussion between members of the Board followed.
Commissioner Rauschenberger discussed the timeline for the year and the action items for the December meeting. Governor Burgum requested that the property tax division bring information to the next meeting based on the questions and feedback from the Board members at previous meetings.

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

It was moved and seconded by Auditor Gallion and Treasurer Schmidt to adjourn the meeting. All members voted “aye”. Meeting adjourned at 4:38 p.m.