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: June 28, 2019

Subject: Meeting of the State Board of Equalization

The State Board of Equalization will meet in the Peace Garden Room, North Dakota State Capitol, ground floor, Tuesday, July 9, 2019, at 1:00 p.m.

The following items are on the agenda:

1. Approval of the minutes of the April 4, 2019 meeting
2. Hearing for centrally assessed companies on the 2019 tentative assessments
3. Hearing for review of electric distribution, generation and transmission payment in lieu of tax
4. Approval of the State Medical Center Resolution
5. Preview of the August 13, 2019 meeting
6. Other business

cc: Sandy McMerty, Deputy Tax Commissioner
John F. Schneider, Commerce
The State Board of Equalization met in the Governor’s Conference Room at the State Capitol Building, Thursday, April 4, 2019 at 10:30 a.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

Governor Burgum called the meeting to order at 10:33 a.m.

It was moved by Auditor Gallion and seconded by Treasurer Schmidt to approve the minutes of the December 6, 2018 meeting. Upon roll call, all members participating voted “aye”. Motion carried.

The second item of business was the review of Burke-Divide Electric Cooperative, Inc. transmission line tax assessment. Commissioner Rauschenberger provided information that Burke-Divide Electric Cooperative has not been reporting its transmission lines to the Tax Department. The Commissioner also noted that the research only goes back 6 years due to statute of limitations. He provided a document showing the taxes due on a year for year basis which includes penalty and interest.

Commissioner Goehring asked if the document and dollar amounts have been verified and double checked. Linda Leadbetter, State Supervisor of Assessments, confirmed the document was as least triple checked and includes the exemptions that would have been in place at the time of each tax statement. Ms. Leadbetter also noted the document was sent to Burke Divide Electric Cooperative for its review and agreement.

Commissioner Goehring questioned why this situation needs Board approval. Commissioner Rauschenberger explained that the Board assesses tax on Rural Electric Cooperatives so the meeting was required.

It was moved by Commissioner Goehring and seconded by Auditor Gallion to approve the 2013, 2014, 2015, 2016, 2017, and 2018 tax for electric transmission lines for Burke-Divide Electric Cooperative, Inc. in the amount of $131,806.06.
Governor Burgum requested clarification of the difference between distribution lines and transmission lines. Ms. Leadbetter provided the explanation. Governor Burgum also wanted verification that Burke-Divide Electric Cooperative did not just include its transmission lines with its distribution reporting. Ms. Leadbetter confirmed they were not included in the distribution line report.

Governor Burgum called on Brooke Watterud, Office Manager of Burke-Divide Electric Cooperative, to explain how this error was discovered. Ms. Watterud stated it was learned simply by asking questions and researching and not just doing what they have always done in the past. Governor Burgum praised her for her efforts and the efforts of the company to bring this error to light.

Governor Burgum questioned how many miles of line were missed. Ms. Leadbetter replied 131.9 miles.

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

Governor Burgum adjourned the meeting at 10:49 a.m.