



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: August 3, 2018

Subject: Meeting of the State Board of Equalization

The State Board of Equalization will meet in the Brynhild Haugland Room, North Dakota State Capitol, ground floor, Tuesday, August 14, 2018, at 9:30 a.m.

The following items are on the agenda:

1. Approval of minutes from the July 10, 2018 and the July 17, 2018 meetings.
2. Welcome and Introductory Remarks, Chairman of the State Board of Equalization.
3. Meeting Overview and Instructions, Tax Commissioner and Secretary of the State Board of Equalization.
4. Discussion of Tolerance Levels and Other Considerations, State Supervisor of Assessments.
5. Overview of 2018 Property Assessments, State Supervisor of Assessments.
 - a. Agricultural
 - b. Commercial
 - c. Residential
6. Appeals, Public Comments, and Comments from County Tax Directors and City Assessors.
(This will be the time for appeals to be presented to the board, any other public comment, and the opportunity for County Tax Directors and City Assessors to address any tolerance issues within their county or city. Appeals will be heard in alphabetical order, beginning with Burleigh County.)

7. Discussion and Direction to Property Tax Staff Regarding Appeals.

8. Other business.

cc: Sandy McMerty, Deputy Tax Commissioner

State Board of Equalization
July 10, 2018

The State Board of Equalization met in the Governor’s Conference Room at the State Capitol Building, Tuesday, July 10, 2018 at 1:07 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

It was moved by Treasurer Kelly Schmidt and seconded by Commissioner Doug Goehring to approve the minutes of the May 3, 2018 meeting. Upon roll call, all members participating voted “aye.” Governor Burgum abstained from the vote to approve minutes of the previous meeting as he was not in attendance. Motion carried.

Commissioner Ryan Rauschenberger provided a brief overview of the central assessment process and communication between companies and the property tax division staff regarding assessments. State Supervisor of Assessments, Linda Leadbetter, provided history on the use of assessed versus market value.

It was moved by Commissioner Goehring and seconded by Treasurer Schmidt that the Board approve the 2018 centrally assessed property tentative assessments for air transportation companies in the amount of \$8,893,100. Discussion regarding the valuation process for airline companies followed. Upon roll call, all members voted “aye.” Motion carried.

Airline Transportation Companies

Assessed Values

ALLEGIANT AIR, LLC	1,100,900
DELTA AIRLINES, INC.	4,440,800
ENVOY AIR, INC.	505,500
FEDERAL EXPRESS CORP	172,600
FRONTIER AIRLINES	142,100
SKYWEST AIRLINES, INC.	711,600
UNITED AIRLINES, INC.	1,819,600
Total	8,893,100

Natural gas pipelines followed airline transportation companies. Commissioner Rauschenberger gave an overview of valuations and how assessed valuations are assigned. Property Tax Specialist, Dustin Bakken, provided information on the valuation of pipelines using book depreciation and FERC regulated information. The Board discussed the possibility of cross agency checks and GIS to verify new pipeline miles. It was moved by Commissioner Goehring and seconded by Commissioner Rauschenberger to approve the 2018 centrally assessed property tentative assessments for natural gas pipelines in the amount of \$2,223,063,400. Upon roll call, all members voted “aye.” Motion carried.

Natural Gas Pipelines	Assessed Values
ALLIANCE PIPELINE LP	140,674,000
AMERICAN MIDSTREAM GP LLC	18,865,500
ARCHER DANIELS MIDLAND	89,000
ARROW PIPELINE LLC	59,869,000
AUX SABLE MIDSTREAM LLC	35,441,500
BAKKEN OIL EXPRESS LLC	9,238,500
BISON MIDSTREAM LLC	32,040,500
BISON PIPELINE LLC	54,847,500
CALIBER BEAR DEN INTERCONNECT LLC *New in 2017*	5,571,500
CALIBER MIDSTREAM PARTNERS LP	45,060,500
CRESTWOOD CRUDE LOGISTICS LLC	4,550,000
DAKOTA GASIFICATION CO	7,760,500
DAKOTA GASIFICATION CO - SNG ANTELOPE PIPELINE	2,984,500
DAKOTA GASIFICATION CO - SNG HEBRON PIPELINE	4,965,500
DAKOTA MIDSTREAM LLC - NATURAL GAS	5,685,000
HESS BAKKEN INVESTMENTS II LLC	48,193,000
HESS NORTH DAKOTA EXPORT LOGISTICS LLC	19,117,000
HESS NORTH DAKOTA PIPELINES LLC	388,899,500
HESS TIOGA GAS PLANT, LLC	18,254,000
HILAND PARTNERS HOLDING LLC	151,668,500
LIBERTY RESOURCES II	11,697,000
MEADOWLARK MIDSTREAM COMPANY, LLC	123,938,000
ND LAND HOLDINGS LLC	8,578,000
NORTHERN BORDER PIPELINE COMPANY	115,082,000
ONEOK ROCKIES MIDSTREAM LLC	464,320,000
PARADIGM ENERGY PARTNERS LLC	18,712,000
PECAN PIPELINE (NORTH DAKOTA) INC	51,499,500
PETRO HUNT ET AL LLC	33,400
PETRO HUNT LLC	8,976,000
ANDEAVOR FIELD SERVICES COMPANY	43,486,500
ANDEAVOR GATHERING I LLC	10,639,000
RED RIVER ENERGY LLC	78,000
ROUGH RIDER PIPELINE CO	255,500
STATOIL OIL & GAS LP	62,867,500
STERLING ENERGY INVESTMENTS LLC	93,500

TARGA BADLANDS LLC	127,542,500
USG MIDSTREAM BAKKEN I LLC	30,776,500
USG WHEATLAND PIPELINE LLC	2,747,000
VIKING GAS TRANSMISSION	147,500
WBI ENERGY TRANSMISSION INC	48,054,500
WHITING PETROLEUM CORP	11,380,000
XTO ENERGY INC	28,384,500
Total	2,223,063,400

Ms. Leadbetter reported on the 2018 tentative assessments for oil pipeline companies. Tillman Davis, representative for Nustar Pipeline Operating Partnership LP, presented information to the Board. Mr. Davis pointed out mathematical errors in the capitalization rate study and requested that the property tax division staff revisit the calculations and Nustar Pipeline Operating Partnership LP's tentative assessment. Discussion followed. It was moved by Auditor Gallion and seconded by Commissioner Goehring to approve all 2018 tentative oil pipeline company assessments with the updated capitalization rate excluding Nustar, which would be revisited and approved at a follow up meeting. The 2018 tentative oil pipeline company assessments utilizing the updated capitalization rate totaled \$1,989,378,000. Upon roll call, all members voted "aye." Motion carried.

Oil Pipelines	Assessed Values
BAKKEN PIPELINE COMPANY LP	52,018,000
BAKKENLINK PIPELINE LLC	62,613,500
BELLE FOURCHE PIPELINE	35,229,500
BRIDGER PIPELINE LLC	150,864,500
CENEX PIPELINE LLC	7,289,000
DAKOTA ACCESS	566,601,000
DAKOTA MIDSTREAM LLC -OIL	2,141,500
ENABLE BAKKEN CRUDE SERVICES LLC	70,467,500
ENBRIDGE ENERGY LP	67,195,000
HAWTHORN OIL CO	1,395,000
HILAND CRUDE LLC	144,108,500
INDEPENDENT TRADING&TRANSPORTATION COMPANY 1 LLC	21,406,000
KINDER MORGAN COCHIN LLC	29,056,500
MAGELLAN PIPELINE COMPANY LP	12,764,500
NORTH DAKOTA PIPELINE COMPANY LLC	215,893,000
NUSTAR PIPELINE OPERATING PARTNERSHIP LP	19,355,500
OASIS MIDSTREAM SERVICES	8,413,500
ONEOK BAKKEN PIPELINE LLC	40,744,500
PELICAN GATHERING SYSTEMS LLC	16,758,000
PLAINS PIPELINE LP	24,083,000
ROSE ROCK MIDSTREAM CRUDE	3,252,000
SACAGAWEA PIPELINE COMPANY	95,718,500
SOUTHERN LIGHTS HOLDINGS LLC	948,000
TESORO GREAT PLAINS GATHERING - HIDDEN BENCH	20,800,000
TESORO HIGH PLAINS PIPELINE COMPANY	102,687,000
TIDAL ENERGY MARKETING US LLC	8,162,500
TRANSCANADA KEYSTONE PIPELINE LP	197,764,000

VANTAGE PIPELINE US LP
Total

31,004,000

2,008,733,500

Mr. Bakken, provided information on the valuation of the railroad industry. It was moved by Commissioner Goehring and seconded by Treasurer Schmidt that the Board approve the 2018 tentative assessment for railroad companies in the amount of \$513,780,500. Upon roll call, all members voted “aye.” Motion carried.

Railroad Companies	Assessed Values
BNSF RAILROAD COMPANY	355,000,000
DAKOTA, MISSOURI VALLEY & WESTERN RAILROAD	27,186,000
DAKOTA NORTHERN RAILROAD INC	484,000
NORTHERN PLAINS RAILROAD INC.	2,451,500
RED RIVER VALLEY & WESTERN RAILROAD COMPANY	31,409,500
SOO LINE RAILROAD COMPANY	97,339,500
Total	<hr/> 513,870,500

Ms. Leadbetter reported the 2018 tentative assessments for electric and gas utility companies. Commissioner Rauschenberger discussed asset stability for these companies. It was moved by Commissioner Goehring and seconded by Auditor Gallion to approve the 2018 tentative assessments for electric and gas utility companies in the amount of \$429,708,428. Upon roll call, all members voted “aye.” Motion carried.

Electric and Gas Utility Companies	Assessed Values
XCEL ENERGY SERVICES INC	137,045,000
MONTANA DAKOTA UTILITIES	197,184,000
OTTER TAIL POWER COMPANY	94,145,500
NORTHERN MUNICIPAL POWER COMPANY (MINNKOTA POWER COOP INC)	311,928
RAINBOW ENERGY MARKETING CORPORATION	5,000
NORTHWESTERN CORP	1,017,000
Total	<hr/> 429,708,428

Ms. Leadbetter gave an overview of the 2018 tentative assessments for wind generation companies. Mr. Bakken provided insight in the depreciation schedule used. It was moved by Commissioner Goehring and seconded by Commissioner Rauschenberger to approve the 2018 tentative assessments for wind generation companies in the amount of \$556,182,900. Auditor Gallion commented that the wind generation information could be of interest to the Public Service Commission. Governor

Burgum asked that a trend line and where each company lies on the obsolescence scale be provided at next year’s meeting. Upon roll call, all members voted “aye.” Motion carried.

Wind Generation Companies	Assessed Values
MONTANA DAKOTA UTILITIES	14,876,500
ASHTABULA WIND II LLC	67,521,500
ASHTABULA WIND III LLC	26,991,500
ASHTABULA WIND LLC	69,230,000
BALDWIN WIND LLC	43,507,500
FPL ENERGY BURLEIGH COUNTY WIND LLC	13,258,000
FPL ENERGY NORTH DAKOTA WIND LLC	10,302,500
LANGDON WIND LLC	50,258,000
LANGDON WIND II LLC	20,754,500
FPL ENERGY OLIVER WIND I LLC	18,391,000
FPL ENERGY OLIVER WIND II LLC	21,182,000
WILTON WIND II LLC	29,107,000
OTTER TAIL POWER COMPANY	32,151,000
OTTER TAIL POWER COMPANY Langdon Wind Energy Center	19,874,500
OTTER TAIL POWER COMPANY Luverne Windy Energy Center	21,776,000
RUGBY WIND LLC	51,763,000
TATANKA WIND POWER LLC	43,769,900
VELVA WINDFARM LLC	1,468,500
Total	556,182,900

Ms. Leadbetter provided the Board with an overview of the statute based formula for electric distribution, transmission generation, electric generation from wind tax. It was moved by Commissioner Goehring and seconded by Treasurer Schmidt to approve the 2018 tax for electric distribution companies in the amount of \$10,021,157.96. Upon roll call, all members voted “aye.” Motion carried.

Electric Distribution Tax	
BURKE DIVIDE ELECTRIC COOP	\$ 189,498.90
CAPITAL ELECTRIC COOP	\$ 280,380.13
CASS CO ELECTRIC COOP	\$ 969,426.07
CAVALIER RURAL ELEC COOP	\$ 24,888.62
DAKOTA VALLEY ELECTRIC	\$ 530,826.33
GOLDENWEST ELECTRIC COOPERATIVE INC	\$ 28,280.90
KEM ELECTRIC COOPERATIVE INC	\$ 66,646.65
LOWER YELLOWSTONE RURAL ELECTRIC ASSOC INC	\$ 49,758.84
MCKENZIE ELECTRIC COOP	\$ 2,558,182.61
MCLEAN ELECTRIC COOPERATIVE INC	\$ 102,929.64
MOR GRAN SOU ELECTRIC COOP INC	\$ 123,412.43
MOUNTRAIL WILLIAMS ELEC	\$ 2,217,892.51
NODAK ELECTRIC COOP	\$ 892,058.05
NORTH CENTRAL ELECTRIC COOPERATIVE INC	\$ 182,878.68

NORTHERN PLAINS ELECTRIC	\$ 365,005.83
ROUGH RIDER ELECTRIC COOPERATIVE INC	\$ 597,483.80
SHERIDAN ELEC COOP INC	\$ 32,896.84
SLOPE ELECTRIC COOPERATIVE INC	\$ 341,913.45
TRAVERSE ELECTRIC COOP	\$ 310.17
VERENDRYE ELECTRIC COOPERATIVE INC	\$ 466,487.51
Total	\$ 10,021,157.96

Ms. Leadbetter provided the Board with information regarding the exemption schedules in place for electric transmission tax. It was moved by Commissioner Goehring and seconded by Commissioner Rauschenberger to approve the 2018 tax for electric transmission companies in the amount of \$1,714,235.43. Upon roll call, all members voted "aye." Motion carried.

Electric Transmission Tax

ALLETE INC	\$ 103,495.90
ASHTABULA WIND II LLC	\$ 3,608.40
ASHTABULA WIND LLC	\$ 3,688.00
BASIN ELECTRIC POWER CO	\$ 489,735.75
BRADY WIND, LLC	\$ 1,351.05
CENTRAL POWER ELECTRIC COOP	\$ 135,252.60
GOLDENWEST ELECTRIC COOPERATIVE INC	\$ 990.00
GRAND ELECTRIC COOP., INC.	\$ 3,200.00
GREAT RIVER ENERGY	\$ 272,750.19
KEM ELECTRIC COOPERATIVE INC	\$ 6,078.33
LOWER YELLOWSTONE RURAL ELECTRIC ASSOC INC	\$ 3,033.59
MCKENZIE ELECTRIC COOP	\$ 83,886.50
MINNKOTA POWER COOP INC	\$ 400,784.02
MONTANA-DAKOTA UTILITIES CO.	\$ 8,907.30
MOORHEAD PUBLIC SER DEPT	\$ 1,746.00
MOR GRAN SOU ELECTRIC COOP INC	\$ 31,405.08
MOUNTRAIL WILLIAMS ELEC	\$ 70,120.96
NORTHERN STATES POWER COMPANY-MINNESOTA	\$ 16,995.00
OLIVER WIND III, LLC	\$ 359.02
OTTER TAIL POWER COMPANY	\$ 15,536.41
ROUGH RIDER ELECTRIC COOPERATIVE INC	\$ 27,629.35
RUGBY WIND LLC	\$ 3,070.55
SHERIDAN ELEC COOP INC	\$ 13,360.00
SLOPE ELECTRIC COOPERATIVE INC	\$ 11,774.50
SQUARE BUTTE ELECTRIC CO	\$ 1,327.20
TATANKA WIND POWER LLC	\$ 3,853.74
UPPER MISSOURI G&T ELECT	\$ 296.00
Total	\$ 1,714,235.43

Commissioner Rauschenberger explained the formula used to calculate the amount of tax due for each electric generation from wind company. Governor Burgum requested that the year each company came in to commission, the amount of power being generated and the tax formula be provided on the summary page next year. It was moved by Commissioner Goehring and seconded by Auditor Gallion to approve the 2018 tax for electric generation from wind companies in the amount of \$7,741,338.28. Upon roll call, all members voted “aye.” Motion carried.

Electric Generation from Wind Tax

ALLETE INC	\$ 2,129,237.12
BASIN ELECTRIC POWER CO	\$ 545,255.96
BRADY WIND II, LLC	\$ 701,368.88
BRADY WIND, LLC	\$ 721,285.64
BWF WIND	\$ 697,015.85
COURTNAY WIND	\$ 878,200.65
LINDAHL WIND PROJECT LLC	\$ 615,058.19
MINNKOTA POWER COOP INC	\$ 6,567.02
MONTANA-DAKOTA UTILITIES CO.	\$ 487,930.00
OLIVER WIND III, LLC	\$ 471,230.47
SUNFLOWER WIND PROJECT LLC	\$ 488,188.50
Total	\$ 7,741,338.28

Commissioner Rauschenberger discussed the formula as provided in statute for electric generation tax. It was moved by Commissioner Goehring and seconded by Commissioner Rauschenberger to approve the 2018 tax for electric generation in the amount of \$997,646.83. Upon roll call, all members voted “aye.” Motion carried.

Electric Generation Tax (from other sources other than wind or coal)

BASIN ELECTRIC POWER CO	\$ 848,575.00
MINNKOTA POWER COOP INC	\$ 10,108.83
OREG I	\$ 46,151.00
OREG II	\$ 92,812.00
Total	\$ 997,646.83

Ms. Leadbetter presented the amount of telecommunications tax to the Board. It was moved by Commissioner Goehring and seconded by Treasurer Schmidt to approve the 2018 gross receipts taxes in the amount of \$8,598,842.99. Upon roll call, all members voted “aye.” Motion carried.

It was moved by Auditor Gallion and seconded by Commissioner Rauschenberger that the Board approve the State Medical Center Resolution as follows:

STATE MEDICAL CENTER RESOLUTION

WHEREAS, ARTICLE X, SECTION 10 of the North Dakota Constitution requires that a one mill levy on all taxable property within the State shall be spread for the purpose of establishing a Medical Center at the University of North Dakota

THEREFORE, BE IT RESOLVED that a Medical Center levy for the year of 2017 is hereby levied at a rate of one mill on each dollar of net taxable valuation of all property subject to the general property tax for the year 2017.

Upon roll call, all members voted "aye." Motion carried.

Commissioner Rauschenberger stated the Board would be meeting in the Brynhild Haugland Room; Ground Floor of the Capitol, Tuesday, August 14, 2018, at 8:30 a.m. with the review of locally assessed property beginning at 9:30 a.m. Ms. Leadbetter gave a brief overview of what to expect at the locally assessed property meeting. The Board discussed limiting appellants to 5 minutes with the option to grant additional time for questions as necessary.

The Board discussed that a call or meeting could be set up to review Nustar after review of each calendar for the following week. Ms. Leadbetter was charged with scheduling the follow up meeting.

There being no further business before the Board, Commissioner Goehring moved and Auditor Gallion seconded to adjourn the meeting. Upon voice vote, all members voted "aye." Meeting adjourned at 3:26 p.m.

State Board of Equalization
July 17, 2018

The State Board of Equalization met in the Office of State Tax Commissioner's Conference Room on the eighth floor of the State Capitol Building, Tuesday, July 17, 2018 at 10:11 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

Governor Burgum called the meeting to order and addressed the only agenda item; the review of the Nustar Pipeline Operating Partnership LP tentative assessment. Commissioner Rauschenberger provided the Board with an explanation of the recalculated capitalization rate and the effect on other income weighted oil pipeline companies. Property Tax Specialist, Dustin Bakken, provided specifics on the corrections made.

It was moved by Commissioner Rauschenberger and seconded by Auditor Gallion to approve the 2018 tentative assessment for Nustar Pipeline Operating Partnership LP in the amount of \$19,355,500. Upon roll call, all members present voted "aye."

Linda Leadbetter, State Supervisor of Assessments, advised the Board that allocations would be sent to the counties after the meeting.

Governor Burgum adjourned the meeting at 10:17 a.m.