

State Board of Equalization
June 4, 2020

The State Board of Equalization met virtually through Microsoft TEAMS, June 4, 2020 at 10:30 a.m.

The following members were present:

Lieutenant Governor Brent Sanford, Chairperson
Kelly Schmidt, State Treasurer
Josh Gallion, State Auditor
Doug Goehring, Commissioner of Agriculture
Ryan Rauschenberger, State Tax Commissioner and Secretary of the
State Board of Equalization

Lieutenant Governor Sanford called the meeting to order at 10:36 a.m.

It was moved by Commissioner Goehring and seconded Treasurer Schmidt to approve the minutes of the December 5, 2019 meeting. Upon voice vote, all participating members voted “aye.” Motion carried.

The second item of business was the review of the application for tax exemption, submitted by WCCO Belting Inc. Commissioner Rauschenberger provided information about the business plan, employment, and projections. Rauschenberger noted WCCO Belting Inc. has met all requirements and notices for competitors, and has been designated primary sector by the Department of Commerce. Rauschenberger introduced and announced the representative for WCCO Belting Inc. was in attendance, should the board have had any questions. With no questions, Commissioner Goehring moved for approval for a five year, 100 percent income tax exemption. The motion was seconded by Auditor Gallion. Upon role call, all voting members voted “aye.” Motion carried.

Rauschenberger continued with the late filing of the supplemental telecommunications report for NEC Cloud Communications America Inc. Rauschenberger moved for approval of \$336.52. The motion was seconded by Treasurer Schmidt. Upon role call, all members voted “aye.” Motion carried.

At 10:56 a.m. Lieutenant Governor Sanford announced the next item on the agenda was a discussion with the State Board Legal Staff and the State Supervisor of Assessments to obtain legal advice regarding the Griggs County Board of Commissioners failure to hold a Board of Equalization meeting and the county’s failure to complete a sales ratio study. The Lieutenant Governor indicated that portion of the Meeting of the State Board of Equalization would be closed for an Executive Session and cited the legal authority for closing that portion of the Meeting, subsections 2 and 5 of North Dakota Century Code Section 44-04-19.1. The

Lieutenant Governor requested that the members of the State Board of Equalization exit the Open meeting to join the Executive Session – Teams Meeting. Finally, since it was a virtual meeting, the Lieutenant Governor informed any persons from the public participating in the Open meeting that they could stay online as the State Board members would rejoin the Open meeting after adjourning the Executive Session - Teams meeting. The State Board members left the Open meeting and convened separately to hold the Executive Session

The executive session adjourned at 11:29 a.m. Lieutenant Governor Sanford called the open meeting to reconvene at 11:33 a.m.

Lieutenant Governor Sanford reintroduces open discussion for the fifth agenda item.

Goehring moved that after executive session and getting direction with the State Board of Equalization’s attorneys, the Office of State Commissioner and their legal team was given direction to work toward a resolution with Griggs County’s Board of Commissioners. If a resolution is not made, the State Board of Equalization will reconvene at a later date for further discussion. Auditor Gallion seconded the motion. All members voted “aye.” Motion was adopted.

The meeting was adjourned at 11:36 a.m.

State Board of Equalization
July 14, 2020

The State Board of Equalization met via Microsoft TEAMS, Tuesday, July 14, 2020 at 1:04 p.m.

The following members were present:

Governor Doug Burgum, Chairperson
Joshua Gallion, State Auditor
Doug Goehring, Commissioner of Agriculture
Ryan Rauschenberger, Tax Commissioner and
Secretary of the State Board of Equalization

Not in attendance: Kelly Schmidt, State Treasurer

It was moved by Commissioner Doug Goehring and seconded by Auditor Joshua Gallion to approve the minutes of the June 4, 2020 meeting. Upon roll call, all members participating voted “aye.” Motion carried.

Commissioner Ryan Rauschenberger provided a quick explanation of the Microsoft TEAMS virtual process, and an overview of the schedule and procedures of the meeting.

Governor Burgum and Commissioner Rauschenberger provided clarification on the process of the assessed values. They explained how the numbers for the assessed 2019 year have not been affected by the COVID-19 pandemic, however, they predict next year’s numbers to be significantly impacted. Prior to proceeding, Burgum and Rauschenberger asked if any guests in attendance were wanting to appeal. With no appellants coming forward, the State Board of Equalization moved forward with the hearing.

It was moved by Commissioner Goehring and seconded by Auditor Gallion that the Board approve the 2020 tentative assessments for air transportation companies in the amount of \$6,767,800. Discussion regarding the valuation process for airline companies followed. Upon roll call, all members voted “aye.” Motion carried.

Airlines	2020
Allegiant Air, LLC	
Delta Airlines, Inc.	1,286,700
Envoy Air, Inc.	
Federal Express Corp	3,779,300
Frontier Airlines	

SkyWest Airlines, Inc.	551,500
Total	172,600
	200,200
	<u>777,500</u>
	6,767,800

Natural gas pipelines followed airline transportation companies. Commissioner Rauschenberger gave an overview of valuations and provided information on the valuation of pipelines using book depreciation, cost, income, and FERC regulated information. Commissioner Rauschenberger explained comparisons from year 2019 to 2020. It was moved by Commissioner Goehring and seconded by Auditor Gallion to approve the 2020 tentative assessments for natural gas pipelines in the amount of \$2,894,520,300. Upon roll call, all members voted “aye.” Motion carried.

NATURAL GAS PIPELINES	2020
ALLIANCE PIPELINE LP	122,583,000
AMERICAN MIDSTREAM GP LLC	Acquired by Caliber Midstream
ANDEAVOR FIELD SERVICES COMPANY	125,233,200
ANDEAVOR GATHERING I LLC	9,964,500
ARCHER DANIELS MIDLAND	82,000
ARROW PIPELINE LLC	68,901,500
AUX SABLE MIDSTREAM LLC	28,039,000
BAKKEN OIL EXPRESS LLC	8,605,500
BISON MIDSTREAM LLC	19,986,000
BISON PIPELINE LLC	61,400,000
CALIBER BEAR DEN INTERCONNECT LLC *New in 2017*	5,027,000
CALIBER MIDSTREAM PARTNERS LP	52,609,500
CRESTWOOD CRUDE LOGISTICS LLC	3,900,000
DAKOTA GASIFICATION CO	5,418,500
DAKOTA GASIFICATION CO - SNG ANTELOPE PIPELINE	2,926,000
DAKOTA GASIFICATION CO - SNG HEBRON PIPELINE	4,788,500
DAKOTA MIDSTREAM LLC - NATURAL GAS	6,856,500
HESS BAKKEN INVESTMENTS II LLC	42,112,000
HESS NORTH DAKOTA EXPORT LOGISTICS LLC	24,299,500
HESS NORTH DAKOTA PIPELINES LLC	622,032,500
HESS TIOGA GAS PLANT, LLC	30,833,000
	218,948,000
	14,587,000
	84,426,500

HILAND PARTNERS HOLDING LLC	110,728,000
LIBERTY RESOURCES II	722,020,000
MEADOWLARK MIDSTREAM COMPANY, LLC	61,915,500
NORTHERN BORDER PIPELINE COMPANY	51,476,000
ONEOK ROCKIES MIDSTREAM LLC	33,400
PARADIGM ENERGY PARTNERS LLC	8,034,000
PECAN PIPELINE (NORTH DAKOTA) INC	78,000
PETRO HUNT ET AL LLC	114,500
PETRO HUNT LLC	29,130,500
RED RIVER ENERGY LLC	57,666,000
ROUGH RIDER PIPELINE CO	1,250,000
SACAGAWEA PIPELINE COMPANY NEW FOR 2020	79,000
EQUINOR PIPELINES LLC fna STATOIL OIL & GAS LP	155,225,000
STEEL REEF BURKE	29,437,000
STERLING ENERGY INVESTMENTS LLC	3,984,700
TARGA BADLANDS LLC	138,500
USG MIDSTREAM BAKKEN I LLC	63,114,000
USG WHEATLAND PIPELINE LLC	10,432,000
VIKING GAS TRANSMISSION	26,105,000
WBI ENERGY TRANSMISSION INC	2,894,520,300
WHITING PETROLEUM CORP	
XTO ENERGY INC	
Total	

Oil pipeline companies were the next industry to be reported. Commissioner Rauschenberger provided an overview of the assessments. The Board discussed companies that combined assets and their valuations. Governor Burgum asked Commissioner Rauschenberger for clarification on numbers and percentages for the Dakota Access Pipeline. It was moved by Auditor Gallion and seconded by Commissioner Rauschenberger to approve the 2020 tentative assessments for oil pipelines in the amount of \$2,046,714,500. Upon roll call, all members voted “aye.” Motion carried.

OIL & REFINED PETROLEUM PIPELINES	2020
BAKKEN PIPELINE COMPANY LP	51,307,000
BELLE FOURCHE PIPELINE	33,459,000
BRIDGER PIPELINE LLC	176,836,500
CENEX PIPELINE LLC	27,575,500
DAKOTA ACCESS	505,763,000
DAKOTA MIDSTREAM LLC -OIL	4,633,500
ENABLE BAKKEN CRUDE SERVICES LLC	63,582,500
ENBRIDGE ENERGY LP	66,550,000
HAWTHORN OIL CO	984,500
HILAND CRUDE LLC	206,679,500
	17,520,500

INDEPENDENT TRADING&TRANSPORTATION COMPANY 1 LLC	31,342,000 11,975,000
PEMBINA COCHIN fna KINDER MORGAN COCHIN LLC	184,296,500 22,077,000
MAGELLAN PIPELINE COMPANY LP	8,210,500
NORTH DAKOTA PIPELINE COMPANY LLC	122,318,000
NUSTAR PIPELINE OPERATING PARTNERSHIP LP	43,628,500
OASIS MIDSTREAM SERVICES	12,240,000
ONEOK BAKKEN PIPELINE LLC	11,442,500
PELICAN GATHERING SYSTEMS LLC	2,937,000
PLAINS PIPELINE LP	73,203,500
PLAINS PIPELINE MONTANA, LLC	924,000
ROSE ROCK MIDSTREAM CRUDE	30,375,500
SACAGAWEA PIPELINE COMPANY	156,284,500
SOUTHERN LIGHTS HOLDINGS LLC	5,153,000
TESORO GREAT PLAINS GATHERING - HIDDEN BENCH	144,539,500 30,876,000
TESORO HIGH PLAINS PIPELINE COMPANY	<u>2,046,714,500</u>
TIDAL ENERGY MARKETING US LLC	
TRANSCANADA KEYSTONE PIPELINE LP	
VANTAGE PIPELINE US LP	
Total	

Railroad industry followed oil pipeline companies. Commissioner Rauschenberger gave an overview of valuations. Governor Burgum requested more information on how railroad companies are assessed. Property Tax Specialist Linda Morris and Commissioner Rauschenberger provided an explanation of how financial data is collected and the process of breaking down income specifically for North Dakota. It was moved by Commissioner Goehring and seconded by Auditor Gallion that the Board approve the 2020 tentative assessments for railroad companies in the amount of \$613,391,000. Upon roll call, all members voted “aye.” Motion carried.

RAILROAD	2020
BNSF RAILROAD COMPANY	438,500,000
DAKOTA, MISSOURI VALLEY & WESTERN RAILROAD	24,589,500 428,000
DAKOTA NORTHERN RAILROAD INC	2,770,500
NORTHERN PLAINS RAILROAD INC.	28,711,500
RED RIVER VALLEY & WESTERN RAILROAD COMPANY	118,391,500 <u>613,391,000</u>
SOO LINE RAILROAD COMPANY	
Total	

Commissioner Rauschenberger reported the 2020 tentative assessments for electric and gas utility companies. The Board discussed some of the companies' valuations. Governor Burgum questioned specific numbers for some of the companies. Commissioner Rauschenberger and Supervisor of Assessments Kim Vietmeier provided clarification. It was moved by Commissioner Goehring and seconded by Commissioner Rauschenberger to approve the 2020 tentative assessments for electric and gas utility companies in the amount of \$507,710,928. Upon roll call, all members voted "aye." Motion carried.

ELECTRIC, HEAT & GAS	2020
XCEL ENERGY SERVICES INC	164,597,500
MONTANA DAKOTA UTILITIES	227,410,500
OTTER TAIL POWER COMPANY	114,278,500
NORTHERN MUNICIPAL POWER COMPANY (MINNKOTA POWER COOP INC)	311,928
RAINBOW ENERGY MARKETING CORPORATION	12,000
NORTHWESTERN CORP	1,100,500
Total	507,710,928

Commissioner Rauschenberger provided an overview of the assessments for Renewable Wind companies and noted not all of the wind farm information is going to be included in the Ad Valorem Wind data. He explained that the data for Ad Valorem Wind is gathered from older wind farms, and the data for newer wind farms will be provided separately. Governor Burgum asked how values and data is gathered specifically for the Ad Valorem Wind farms. Commissioner Rauschenberger provided clarification how the data process older wind farm information is obtained in comparison to newer wind farms. It was moved by Commissioner Goehring and seconded by Auditor Gallion that the Board approve the 2020 tentative assessments for renewable wind companies in the amount of \$410,985,205. Upon roll call, all members voted "aye." Motion carried.

Ad Valorem Wind	2020
ASHTABULA WIND I LLC	37,060,000
ASHTABULA WIND II LLC	48,147,500
ASHTABULA WIND III LLC	19,829,500
BALDWIN WIND LLC	31,632,500
FPL ENERGY BURLEIGH COUNTY WIND LLC	8,820,000
FPL ENERGY NORTH DAKOTA WIND LLC	6,150,500
FPL ENERGY OLIVER WIND I LLC	12,735,500
FPL ENERGY OLIVER WIND II LLC	14,860,000
LANGDON RENEWABLES	72,620,000
LANGDON WIND LLC	-

LANGDON WIND II LLC	-
MONTANA DAKOTA UTILITIES	11,263,000
OTTER TAIL POWER COMPANY Ashtabula Wind Energy Center	24,427,000
OTTER TAIL POWER COMPANY Langdon Wind Energy Center	16,598,000
OTTER TAIL POWER COMPANY Luverne Wind Energy Center	16,914,500
RUGBY WIND LLC	36,136,500
TATANKA WIND POWER LLC	29,829,705
VELVA WINDFARM LLC	2,033,500
WILTON WIND II LLC	21,927,500
Total	410,985,205

Commissioner Rauschenberger provided the Board with an overview of the statute-based formula for electric distribution. Governor Burgum questioned the process of how data is collected. Commissioner Rauschenberger provided the explanation of the process. It was moved by Commissioner Goehring and seconded by Auditor Gallion to approve the 2020 tax for electric distribution companies in the amount of \$11,866,346.19. Upon roll call, all members voted “aye.” Motion carried.

ELECTRIC DISTRIBUTION TAX	2020
BURKE DIVIDE ELECTRIC COOP	
CAPITAL ELECTRIC COOP	183,558.06
CASS CO ELECTRIC COOP	
CAVALIER RURAL ELEC COOP	297,836.93
DAKOTA VALLEY ELECTRIC	
GOLDENWEST ELECTRIC COOPERATIVE INC	1,032,067.71
KEM ELECTRIC COOPERATIVE INC	28,738.88
LOWER YELLOWSTONE RURAL ELECTRIC ASSOC INC	537,189.35
MCKENZIE ELECTRIC COOP	
MCLEAN ELECTRIC COOPERATIVE INC	24,686.12
MOR GRAN SOU ELECTRIC COOP INC	
MOUNTRAIL WILLIAMS ELEC	67,584.91
NODAK ELECTRIC COOP	
NORTH CENTRAL ELECTRIC COOPERATIVE INC	56,190.71
NORTHERN PLAINS ELECTRIC	
ROUGH RIDER ELECTRIC COOPERATIVE INC	3,567,392.34
SHERIDAN ELEC COOP INC	
SLOPE ELECTRIC COOPERATIVE INC	107,630.95
TRAVERSE ELECTRIC COOP	
	128,306.05
	2,893,914.43
	902,768.52

VERENDRYE ELECTRIC COOPERATIVE INC	203,011.11
Total	360,041.75
	633,249.26
	30,617.62
	331,408.93
	307.38
	479,845.18
	11,866,346.19

Commissioner Rauschenberger provided the Board with an overview of the statute-based formula for electric transmission. It was moved by Commissioner Goehring and seconded by Auditor Gallion to approve the 2020 tax for electric transmission companies in the amount of \$1,875,445.61. Upon roll call, all members voted “aye.” Motion carried.

ELECTRIC TRANSMISSION TAX	2020
ALLETE INC	105,168.38
ASHTABULA WIND II LLC	3,608.40
ASHTABULA WIND LLC	3,688.00
BASIN ELECTRIC POWER CO	546,699.50
BRADY WIND, LLC	4,053.15
BURKE DIVIDE ELECTRIC COOP	21,620.00
CENTRAL POWER ELECTRIC COOP	141,897.30
EMMONS-LOGAN WIND, LLC	-
GOLDENWEST ELECTRIC COOPERATIVE INC	990.00
GRAND ELECTRIC COOP., INC.	3,200.00
GREAT RIVER ENERGY	274,217.84
KEM ELECTRIC COOPERATIVE INC	5,867.50
LOWER YELLOWSTONE RURAL ELECTRIC ASSOC INC	
	3,033.59
MCKENZIE ELECTRIC COOP	97,704.80
MEADOWLARK WIND I LLC	3,022.80
MINNKOTA POWER COOP INC	421,569.05
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	72,435.42
NORTHERN STATES POWER COMPANY-MINNESOTA	43,173.59
OLIVER WIND III, LLC	1,077.07
OTTER TAIL POWER COMPANY	17,174.85
ROUGH RIDER ELECTRIC COOPERATIVE INC	29,352.00
RUGBY WIND LLC	3,070.55
SHERIDAN ELEC COOP INC	13,360.00
SLOPE ELECTRIC COOPERATIVE INC	11,926.50

SQUARE BUTTE ELECTRIC CO	1,327.20
TATANKA WIND POWER LLC	3,853.74
UPPER MISSOURI G&T ELECT	<u>296.00</u>
Total	1,875,445.61

Electric generation from wind industry followed electric transmission companies. Commissioner Rauschenberger provided the board with an overview of the assessed values. Governor Burgum asked for clarification on how the taxes are distributed across the state. Commissioner Rauschenberger explained that the total sum is distributed evenly based on where each tower is located. It was moved by Commissioner Goehring and seconded by Auditor Gallion that the Board approve the 2020 tax for electric generation from wind companies in the amount of \$9,393,802.27 Upon roll call, all members voted “aye.” Motion carried.

ELECTRIC GENERATION FROM WIND TAX	2020
ALLETE INC	2,027,022.60
BASIN ELECTRIC POWER CO	
BRADY WIND II, LLC	490,153.62
BRADY WIND, LLC	
BWF WIND	693,521.50
COURTNAY WIND	
EMMONS-LOGAN WIND, LLC	699,661.50
FOXTAIL WIND	
GLEN ULLIN ENERGY CENTER, LLC	681,186.77
LINDAHL WIND PROJECT LLC	854,886.06
MEADOWLARK WIND I LLC	
MINNKOTA POWER COOPERATIVE INC.	554,200.00
MONTANA-DAKOTA UTILITIES CO.	375,189.34
OLIVER WIND III, LLC	281,098.24
SUNFLOWER WIND PROJECT LLC	669,926.54
Total	446,376.74
	6,866.44
	668,335.00
	462,982.00
	<u>482,395.92</u>
	9,393,802.27

Commissioner Rauschenberger discussed the formula as provided in statute for electric generation tax. Governor Burgum questioned what kind of companies fall under the Electric Generation Tax group. Commissioner Rauschenberger explained the qualifications for companies to be considered in the Electric Generation Tax assessments. It was moved by Commissioner Goehring and seconded by Auditor Gallion to approve the 2020 tax for electric generation in the amount of \$1,752,789.51. Upon roll call, all members voted “aye.” Motion carried.

ELECTRIC GENERATION TAX (from other sources other than wind or coal)	2020
BASIN ELECTRIC POWER CO	1,604,838.00
MINNKOTA POWER COOP INC	43,493.00
OREG I	
OREG II	94,254.00
Total	
	10,204.51
	1,752,789.51

The next item on the agenda was the approval of the State Medical Center Resolution. It was moved by Commissioner Rauschenberger and seconded by Commissioner Goehring 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 2020 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 2020.

Commissioner Rauschenberger provided an explanation for what a mill is.

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

Commissioner Rauschenberger stated the State Board of Equalization will meet again and the location is yet to be determined due to the COVID-19 pandemic and the social distancing procedures. The meeting will still be held on Tuesday, August 11, 2020, at 8:30 a.m.

Commissioner Rauschenberger gave a brief overview of what to expect at the locally assessed property meeting.

Governor Burgum adjourned the meeting at 2:23 p.m.

State Board of Equalization
August 10, 2020

The State Board of Equalization met in the Coteau Room of the North Dakota State Capitol, Tuesday, August 10, 2020 at 8:34 a.m.

The following members were present:

Lieutenant Governor Brent Sanford, 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 Schmidt and seconded by Commissioner Goehring to approve the minutes of the July 14, 2020 meeting. Upon voice vote, all members voted “aye.” Motion carried.

Commissioner Rauschenberger provided information on the hearing for telecommunications carriers 2019 gross receipts taxes. With no discussion, it was moved by Commissioner Rauschenberger and seconded by Auditor Gallion to approve the 2019 telecommunications gross receipts taxes. Upon roll call, all members voted “aye.” Motion carried.

Commissioner Rauschenberger went through procedural items for the remainder of the meeting. He explained there will not be any action taken by the board today regarding the appeals. Individual investigations for the appeals presented and tolerance issues set before the board today will be assigned to the property tax division staff following the meeting.

The meeting was turned over to Kim Vietmeier, State Supervisor of Assessments. Mrs. Vietmeier explained the technological processes for the hybrid meeting. She reviewed the tolerance level adopted for use by the State Board of Equalization for locally assessed property. The tolerance level was established as 90 to 100 percent. Mrs. Vietmeier explained the process of when a county could speak on behalf of its tolerance issues if desired and stated that the property tax division will work to address the assessment issues with those jurisdictions.

The appeals process began with Hettinger County. There were no appeals or tolerance issues until McLean County, which has a residential appeal filed by Mr. Schaffer. Mr. Schaffer is protesting the value of his residential property. No one presented additional information for McLean County.

Mountrail County has tolerance issues with its commercial assessments. Lori Hanson, Tax Director of Mountrail County, stated she will work with the property tax division to prepare the recommendation to the board in September.

Due to the hybrid style meeting, Treasurer Schmidt recommended the meeting be slowed down to allow those joining via Microsoft TEAMS adequate time to respond and address the Board.

Oliver County has tolerance issues with its commercial assessments. No one presented additional information for Oliver County.

Pembina County: Lynn Augustin of rural Pembina County. Mr. Augustin is appealing the assessment of his commercial property, stating it should be assessed as agricultural property. Mr. Augustin claimed he is a farmer who pays self-employment tax on a farm which he inherited. Commissioner Goehring questioned whether Mr. Augustin is renting any of the buildings out. Mr. Augustin stated he does not rent it out and that the structures are primarily used for storage.

Sioux County has tolerance issues with its agricultural assessments. No one presented additional information for Sioux County.

Stark County: Halliburton Energy Services, Dickinson. Kimberly King, a tax specialist with Halliburton, presented an appeal on a commercial complex within the city of Dickinson. She believes there should be a vacancy factor or obsolescence applied since the property has been on the market for some time

Stark County: Riley and Michelle Kuntz, Dickinson. Mr. and Mrs. Kuntz are appealing their residential parcel within the city of Dickinson. They believe the assessment is too high.

Stark County: Joe Hirschfeld, City of Dickinson Assessor. Dickinson has tolerance issues with its commercial and residential assessments. Mr. Hirschfeld addressed the two appeals within city limits.

Stutsman County: Neil and Sheila Johnston. Mr. Johnston stated he does not believe his rural property is worth as much as it should be due to poorly maintained roads. He claimed his property is not accessible on the county roads. Stutsman County Tax Director, Tyler Perleberg stated he submitted some information to the State Board of Equalization after an initial investigation. Mr. Perleberg stated he will be willing to answer any questions and provide more information as needed.

Towner County: David Lagein, Rural Property. Mr. Lagein is appealing a rural residential property. He believes the assessments is too high. Mr. Lagein did not present additional information to the board.

Williams County: RE POOL LLC, of Williston. Pivotal Tax Solutions, agent for RE Pool LLC, contends the assessment is too high on a commercial property within Williams County. No additional information was presented.

Williams County: Russel Evitt of Williston. Mr. Evitt is appealing his residential assessment within the City of Williston. He believes the assessment is too high. Mr. Evitt did not present additional information to the board. Darcy Anderson, Williams County Tax Director, stated she has nothing to present at the moment, but is willing to work with the State Board of Equalization members on the current appeals.

Barnes County: Henry Berger of rural Barnes County. Mr. Berger is appealing a commercial assessment on his rural property. He believes the property should be exempt as a farm residence. Barnes County Tax Director, Stacy Hansen-Leier stated she has submitted information for this appeal to the State Board of Equalization and is willing to answer any questions. With no questions, Vietmeier presents the next appeal.

Barnes County: Mr. and Mrs. Shape. Mrs. Hansen-Leier stated she turned in a letter response and information. Hansen-Leier shared that she recently learned that the property had been burnt down. Next year the county plans to reassess the property as agricultural.

Barnes County: Mr. Knutson from rural Barnes County. Mr. Knutson is appealing an acreage discrepancy on a rural parcel. Mr. Knutson did not present additional information to the board. County Tax Director, Stacy Hansen-Leier stated she received the appeal the day prior to the meeting which did not allow her adequate time to put a letter or information together to present. Hansen-Leier stated she will have information ready and sent to the State Board of Equalization by the end of the day. Commissioner Goehring asked if the acres owned by Mr. Knutson changed to tillable acres. Mrs. Vietmeier responded by stating all the information has not been provided, though it will all be included in the report presented at the following State Board of Equalization meeting in September.

Bowman County has tolerance issues with its commercial assessments. No one presented additional information for Bowman County.

Cass County: Richard Nymark of Fargo. Mr. Nymark is appealing two rental properties in the city limits of Fargo. He stated he believes his properties are not being compared to properties within the same proximity. Mr. Nymark did appear in person to address the board.

Cass County: Timothy Stolz of Fargo. Mr. Stolz is appealing an airport hangar located at the West Fargo airport. No additional information was presented to the board.

Cavalier County: Tom Valentine of rural Cavalier County. Mrs. Vietmeier stated Cavalier County has provided an updated parcel report after a rebuttal was made by the appellant. Commissioner Rauschenberger asked to provide a quick reminder of what the report includes. Property Tax Specialist, Linda Morris stated last year Cavalier County was asked by the appellant to provide a report due to some acreage discrepancies. Ms. Morris stated the county tax equalization director has been addressing the issue adequately and appropriately.

Foster County: Gene Doeling from rural Foster County. Mr. Doeling is protesting the assessed value on a one acre rural parcel. No additional information was presented to the board.

Mrs. Vietmeier explained that all registered appeals have been concluded and asked if anyone else would like to come forward to address the Board with other appeals. With no response, the appeal process came to an end.

Members of the State Board of Equalization discussed dates for the September meeting. It was decided that more time was necessary to work out scheduling and the date will be sent out in a future memo. Commissioner Rauschenberger thanked everyone who participated in the new meeting processes and those who were able to attend both in person and virtually. Rauschenberger explained that investigations will be performed for the tolerance level issues and appeals. Recommendations will be provided to the State Board of Equalization at a September meeting.

Commissioner Rauschenberger turned the meeting over to Lieutenant Governor Sanford who thanked everyone for their participation. Meeting adjourned at 9:34 a.m.

State Board of Equalization
September 23, 2020

The State Board of Equalization met virtually via Microsoft TEAMS Wednesday, September 23, 2020.

The following members were present:

Lieutenant Governor Brent Sanford, Chairperson
Kelly Schmidt, State Treasurer
Josh Gallion, State Auditor
Doug Goehring, Commissioner of Agriculture
Ryan Rauschenberger, Commissioner of Tax and Secretary of the
State Board of Equalization

Lieutenant Governor Sanford called the meeting to order and welcomed everyone at 10:05 a.m.

It was moved by Commissioner Goehring and seconded by Auditor Gallion to approve the minutes of the August 10, 2020 meeting. Upon voice vote, all participating members voted “aye.” Motion carried.

Commissioner Rauschenberger provided amendment information for KEM Electric’s, electric transmission tax return. The amount originally approved was \$5,867.50. It was moved by Commissioner Rauschenberger to approve the amended amount of \$6,078.33. Second by Commissioner Goehring. Upon roll call vote, all participating members voted “aye.” Motion carried.

Commissioner Rauschenberger provided an overview of the virtual meeting processes.

The meeting was turned over to Kim Vietmeier, State Supervisor of Assessments to begin review of appeals. Mrs. Vietmeier readdressed the second item on the agenda. Allete Inc. also needed their electric tax changes reviewed. Samantha Mattson, Property Tax Specialist, provided the overview. Allete Inc. had data setting errors in their equipment which caused a false report. Allete Inc. submitted an amendment in the amount of \$2,014,764.02. Motion made by Treasurer Schmidt. Second by Commissioner Goehring. Upon roll call vote, all participating members voted “aye.” Motion carried.

Kim Vietmeier, Supervisor of Assessments, presented the recommendation for Barnes County – Berger appeal. After review of the information gathered, a no change recommendation was made.

Vietmeier continued with Barnes County – Knutson. The review resulted in a recommendation for Barnes County to increase the parcel to \$7,500.00. Auditor Gallion asked why the recommendation was made to increase the property valuation rather than decrease as requested by Mr. Knutson, and what was already approved by the county commissioners. Mrs. Vietmeier explained how the county had already made a downward adjustment in Mr. Knutson's favor which was not made based on modifiers. Lieutenant Governor Sanford asked Vietmeier if the recommendation was made based on correcting an error made in previous years at the county level. Mrs. Vietmeier explained that there was not an error, rather a downward adjustment with no explainable reason. Treasurer Schmidt motioned. Second by Commissioner Goehring. Commissioner Goehring asked if the recommendation was based on the assessed value or taxed value. Vietmeier stated it is based on soils. Treasurer Schmidt explained why North Dakota has a State Board of Equalization and stated the importance of soil testing being used correctly. Lieutenant Governor Sanford and Commissioner Rauschenberger agree that there needs to be equalization between neighbors, properties alike and all taxpayers. Upon roll call vote, all participating members voted "aye." Motion carried.

Vietmeier continued with Barnes County – Shape. Due to the appellant not following the correct appeal process, no action was recommended. The appellant and the tax director will be working together to gather correct information to present at the next assessment cycle.

Linda Morris, Property Tax Specialist, presented information for Bowman County. Bowman County commercial valuations were not within tolerance. There was a decrease from a 100% to 82% ratio due to the closure of Kinder Morgan Gas Plant. Bowman County would be within tolerance with the removal of the Kinder Morgan Gas Plant, there is no action recommended.

The Cass County-Fargo-Nymark appeals were presented by Ms. Mattson. The three approaches to value were taken into consideration with information provided by Mr. Nymark and the city assessor. The North Dakota Property Tax Division agrees with the recommendation of the city of Fargo, as approved by Cass County. No action is required on both the Nymark properties.

Ms. Mattson continued with Cass County-West Fargo-Stolz. Based on the information provided, properties of similar age, square footage, and condition are equalized in the area. No action required.

Ms. Morris presented for the Cavalier County-Valentine appeal. The Property Tax Division reviewed information provided by Mr. Valentine and the Cavalier County Tax Director. No action is required. Commissioner Goehring asked Ms. Morris if there were any discrepancies. Morris stated the discrepancies were taken care of between Mr. Valentine and the County Tax

Director. Morris also stated that if there were discrepancies, they have been corrected throughout the year by the tax director

Property Tax Specialist, Vicki Williams, presented the recommendation for Foster County-Doeling. Through thorough analysis, both on a county level and through the Property Tax Division, it is believed that Mr. Doeling's parcel was fairly assessed. No action required.

Shelli Myers, Property Tax Specialist, presented for McLean County-Schaffer. Consideration was given to the three approaches to value and a no change recommendation was made.

Ms. Morris provided the recommendation for Mountrail County's -commercial property. After review of the process of valuing industrial property, that is considered in the commercial property tolerance level for the sales ratio study, the Property Tax Division made a no change recommendation.

Morris continued with Oliver County-Commercial. After reviewing other commercial assessments within the county, as well as reports presented by Oliver County, a no change recommendation was made.

Mrs. Vietmeier presented for Pembina County-Augustin. The recommendation made is for Pembina County to remove the commercial value of \$10,224 and to change the status from commercial to agricultural exempt status. Motion made by Auditor Gallion. Second by Commissioner Goehring. Upon roll call vote, all participating members voted "aye." Motion carried.

Ms. Morris presented for Sioux County-Agricultural. No action required.

Morris continued with Stark County-Commercial-Dickinson and Stark County-Residential-Dickinson. After review of reports submitted by Dickinson, along with reviewing overall numbers for the sales ratio study and meeting minutes from Dickinson and Stark County Board of Equalization meetings, it appeared to show several discrepancies throughout each process. The data collected and reviewed by the Property Tax Division indicated inaccuracies which supports desired results by the city assessor. At this time, a no change recommendation is being made. Lieutenant Governor Sanford asked if there are any changes being made to correct the inaccurate numbers. Ms. Morris specified which numbers were reported by the city assessor. Treasurer Schmidt expands on Lieutenant Governor Sanford's question and would clarification as to whether there is going to be any consequences and/or follow up to remind the assessor of what the expectations are. Mrs. Vietmeier explained that there has been on-going communication between the Property Tax Division and the City Assessor. Vietmeier stated that she spoke with

the City Assessor and stated that as provided by century code, the Property Tax Division can insert themselves into his process next year. Starting immediately, the Property Tax Division intends to begin the review process. Vietmeier explained why a no change recommendation is being made. Commissioner Rauschenberger reassures the State Board of Equalization members, that follow up with the city assessor will take place. Rauschenberger stated that the plan is to improve the city's process, so future information and data provided by the city of Dickinson is reliable. Lieutenant Governor Sanford asked if there was work that should have been done prior to the meeting to fix some of the adjustments that were inaccurately made. Commissioner Rauschenberger answered by giving examples of past experiences. He stated it is not uncommon to hold off on making a recommendation, but rather work with the county in the next assessment year to ensure the correct numbers and data are obtained. City Assessor Joe Hirschfield expressed his concerns with the language used in the reports and asked to see the script changed. Lieutenant Governor Sanford thanked Mr. Hirschfield and asked if there were any questions for the Stark County-Residential appeal. Mrs. Vietmeier stated both the Stark County-Commercial and Stark-County-Residential are very similar. Vietmeier explained why the language used in the report was used in that context. Commissioner Rauschenberger also stated the justification for the language used and stands by the wording used. Treasurer Schmidt stated she believes the Property Tax Division's team should be trusted to do their job and present it to the State Board of Equalization to ask for guidance, if needed. She also clarified that meeting minutes and the language used can always be changed if deemed necessary. Lieutenant Governor Sanford stated there is rational for the language used and that there will be continued and ongoing communication with the county.

Ms. Morris presented for Stark County-Halliburton. After review and the use of the three approaches to value, a recommendation was made to direct the City of Dickinson to decrease the assessment in the amount of \$20,004,900 by 46%, resulting in an approximate assessment of \$10,888,100. Motion made by Treasurer Schmidt. Second by Auditor Gallion. Upon roll call, all participating members voted "aye." Motion carried.

Ms. Myers presented the Stark County-Dickinson-Kuntz appeal. The Property Tax Division ran both a cost and sales approach analysis. A no change recommendation was made.

Ms. Williams presented the Stutsman County-Johnston appeal. After review of the three approaches to value the staff recommended no action.

Ms. Morris presented for Towner County- Lagein. After reviewing data and information provided by Mr. Lagein and the Towner County Tax Director, the Property Tax Division finds the increase of \$29,900 from the previous year's assessment cannot be supported. A recommendation to direct Towner County to reduce the residential value of \$43,900 on the parcel by 77%; or an approximate residential assessment of \$10,100. Auditor Gallion motions.

Second by Commissioner Rauschenberger. Upon roll call vote, all participating members voted “aye.” Motion carried.

Morris continued with Williams County-Willison-Evitt. The appellant did not follow the required appeals process. No action required.

Williams County-Williston-RE Pool, LLC. The Property Tax Division used the sales approach to reach their recommendation. A decrease to the parcel by 16%, resulting in an approximate assessment of \$1,763,700 is the recommendation directed to Williams County. Motion made by Treasurer Schmidt. Second by Commissioner Rauschenberger. Upon roll call vote, all participating members voted “aye.” Motion Carried.

Commissioner Rauschenberger motioned 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 and Fish land, Board of University and School Lands, North Dakota National Guard land, Farmland or Ranchland owned by Non-profit Organizations for Conservation Purposes, and Land Acquired for the Devils Lake Project. Second by Commissioner Goehring. Upon roll call vote, all participating members voted “Aye.” Motion carried.

Lieutenant Governor Sanford thanked the staff and everyone who attended the virtual meeting.

Commissioner Rauschenberger thanked the property tax staff, the legal team, and the members of the State Board of Equalization. Rauschenberger also thanks Treasurer Schmidt for her years on the board and recognized the August meeting, as being her last local assessment meeting.

Treasurer Schmidt thanked Commissioner Rauschenberger and his team for all the work they put in to making the assessment process efficient. She stated it has been a pleasure serving on the State Board of Equalization.

Commissioner Goehring thanked Treasurer Schmidt for her years of service and thanked the property tax staff for all their hard work.

Auditor Gallion commends the Property Tax Division staff for their courage while faced with difficult decisions and determinations. Gallion continued by expressing his disappointment with the manipulation in numbers provided by Stark County.

Lieutenant Governor Sanford concluded the meeting by thanking Commissioner Rauschenberger, the State Board of Equalization members, and everyone in attendance.

Meeting adjourned at 11:13 a.m.

State Board of Equalization
December 4, 2020

The State Board of Equalization met via Microsoft TEAMS Friday, December 4, 2020 at 9:00 a.m.

The following members were present:

Lieutenant Governor Brent Sanford, Chairperson
Kelly Schmidt, State Treasurer
Doug Goehring, State Agricultural Commissioner
Josh Gallion, State Auditor
Ryan Rauschenberger, State Tax Commissioner and Secretary of the
State Board of Equalization

Lieutenant Governor Sanford called the meeting to order at 9:04 a.m.

It was moved by Commissioner Goehring and seconded by Auditor Gallion to approve the minutes of the September 23, 2020 meeting. Upon voice vote, all participating members voted "aye." Motion carried.

Establishing tolerance levels for property tax assessments for year 2021 was next on the agenda. Commissioner Rauschenberger moved that the Board continue the tolerance of 90 to 100 percent for agricultural, residential and commercial property assessments for taxable year 2021. Jurisdictions outside of tolerance would be increased to 93 percent of market value or be reduced to 100 percent. The motion would still allow the Board flexibility to deal with certain circumstances where counties might need a little more time to get within tolerance. The motion was seconded by Commissioner Goehring.

Auditor Gallion opened conversation by stating he would like to see more consistency with levels increasing and decreasing from both ends of the spectrum. Treasurer Schmidt stated that the Board should stay the course and believes a change in the tolerance levels would not be beneficial. Schmidt also mentioned that state tax officials depend on consistency from the Board. Commissioner Rauschenberger agreed with Treasurer Schmidt and continued by explaining how the current process works and how the goal is to have everyone at one hundred percent or as close to it as possible. Rauschenberger stated how providing tighter tolerance levels on either end could have negative impacts for counties. Lieutenant Governor Sanford asked for clarification on how long the 90-100 percent policy has been in place. Daniel Rouse, Special Assistant Attorney General, provided insight on the history of how the 90-100 percent tolerance levels came into fruition. Rouse stated that tolerance levels were initiated and set when John Hoeven became Governor. Auditor Gallion questioned why the Board has not moved the tolerance level to 93-100 percent since the goal and expectation is to bring everyone up to at least 93 percent. Lieutenant Governor Sanford agreed, stating that those who fall within the 90-92 percent seem to benefit from the current set tolerance levels. Treasurer Schmidt stated if changes are going to be

made to adjust the tolerance levels, a proper plan and communication needs to happen in advance for jurisdictions to properly prepare. Commissioner Rauschenberger explained why the levels were originally set at 90-100 percent verses using a tighter range. Commissioner Goehring stated that tightening the tolerance level range would not necessarily be doing any favors to the counties. He continued by saying that the levels are set for accountability and structural purposes and the hope is for subdivisions to get closer to the 95-100 percent range on their own.

After discussion concluded, the Board moves forward with the original motion made by Commissioner Rauschenberger. Upon voice vote, Commissioner Rauschenberger, Treasurer Schmidt, Governor Burgum -Aye, Auditor Gallion – Nay. Motion carried.

Treasurer Schmidt asked if the training requirements are the same for outsourced assessors, as it is for the state assessors. Dee Wald, Special Assistant Attorney General, confirms that all assessors must be licensed in the state and must follow the same standards that are particular to North Dakota. Commissioner Rauschenberger added that all assessments must be signed off by a certified tax director.

Lieutenant Governor Sanford and the State Board of Equalization members thanked Treasurer Schmidt for her years of service. They expressed their appreciation for the gratitude, kindness and recognition Treasurer Schmidt provided to the tax team and the team's hard work over the years.

The meeting was adjourned at 9:37 a.m.