The State Board of Equalization met in regular session in the Peace Garden Room at the North Dakota State Capitol and virtually via Microsoft Teams. Lieutenant Governor Strinden called the meeting to order at 1:00 p.m. on July 14, 2026.

1. PLEDGE OF ALLEGIANCE

2. APPROVAL OF THE AGENDA

Treasurer Beadle moved to approve the agenda and Auditor Gallion seconded. Upon roll call votes, all participating members voted aye. The motion was approved.

3. APPROVAL OF MINUTES FROM THE OCTOBER 2, 2025, MEETING

Commissioner Goehring moved to approve the minutes from October 2, 2025, meeting and Treasurer Beadle seconded. Upon voice vote, all participating members voted aye. The motion was approved.

4. WELCOME AND INTRODUCTORY REMARKS

5. HEARING FOR CENTRALLY ASSESSED COMPANIES ON THE 2026 TENTATIVE ASSESSMENTS

Commissioner Kroshus gave a brief overview of Air Transportation stating that this year an individual capitalization rate study was conducted for airlines. The result of the study decreased the capitalization rate used from 12.5% to 12.1% for passenger airlines and 12.5% to 10.62% for cargo airlines. The decrease in capitalization rates accounts for some of the increase in valuations. Lease payments in 2024 increased for Allegiant Air, Envoy Air, Federal Express Corp, Frontier Airlines, SkyWest Airlines and United Airlines. Sun Country Airlines is now flying 2 flights a week into Williston, September through the first half of December. Commissioner Kroshus indicated the tentative Airline assessment totaled $13,014,600 for 2026. Commissioner Goehring moved to approve the 2026 airline assessments totaling $13,014,600 and Treasurer Beadle seconded. Upon the roll call vote, all participating members voted aye. The motion was approved.

Commissioner Kroshus stated that some Natural Gas Pipeline companies saw an increase in revenue during 2025. That increase in revenue can be seen in OneOK Rockies Midstream LLC, Northern Border Pipeline Company, and WBI Energy Transmission Inc, explaining their more significant increase in assessments. A few Natural Gas Companies significantly increased their footprint in North Dakota by adding additional line miles or equipment in 2025. Those include Harvest North Dakota, Hess Bakken Investments II LLC, Hiland Sanderson System LLC, Liberty Resources II, and XTO Energy Inc. In 2025 Bison Pipeline experienced another drop in operating income but are expecting to see an increase in revenues again in the 2027 assessment. WBI Energy Transmission Inc. continued putting into service lines that are given a 15-year exemption by 2023 HB 1170 for underserved communities that run from Cass County to Richland County. Commissioner Kroshus reported in 2025, Andeavor Gathering I LLC sold to Tangent Midstream Services LLC; affiliate of Chord Energy. Brian Tovson, representing Tangent Midstream Services LLC, presented their appeal regarding the valuation of the pipeline system, requesting to have a utilization-based value. Mr. Tovson stated there is a true and full value of $15.8 million with a purchase price of $122,000 for the current value of the ARO. Mr. Tovson stated the pipeline's current capacity utilization is 24.8%. Applying that utilization rate to the true and full value of $15.8 million results in an adjusted true and full value of $3.92 million. He further stated the corresponding assessed value would be $1.96 million, adjusted to reflect the assets and current economic conditions. Commissioner Kroshus presented the recommended assessed valuation for Tangent Midstream LLC of $7,907,000. Commissioner Goehring motioned to remove $7,907,000 assessed value to be dealt with at the next meeting and Treasurer Beadle seconded. After further discussion, Commissioner Goehring withdrew his motion. The Board discussed the company's failure to furnish the required report under state law and the statutory penalties associated with a late filing. They further discussed that with the assessed value of $7,907,000 there would be an additional $2,372,100 assessed in penalties, which would bring the overall assessment to $10,279,100. Commissioner Goehring moved $5 million as the assessed value and the penalties will have to be figured in. Lack of second, motion died. Additional discussion followed regarding the proper application of the statutory penalty and assessed value. Following discussion, Commissioner Kroshus moved to approve an assessed value of $5,000,000, with statutory penalties of $1,000,000 for failure to report by May 1st with an additional $500,000 in penalty for failure to report by June 1st, for a total assessed value of $6,500,000 for Tangent Midstream. Commissioner Goehring seconded. Upon the roll call vote, three participating members voted aye with two participating members voted nay. The motion was approved. Following approval of the Tangent Midstream Services LLC valuation, the aggregated natural gas pipeline valuation was revised to reflect the Board's action. Commissioner Kroshus moved to approve the assessed value of $3,922,367,500 for Natural Gas Pipelines overall and Commissioner Goehring seconded. Upon the roll call vote, four participating members voted aye, and one participating member voted nay. Motion was approved.

Commissioner Kroshus gave a brief introduction on Oil and Refined Petroleum. Commissioner Kroshus stated that overall, the Oil Pipelines remained steady for the year. Some companies saw increased revenues including Bakken Pipeline Company LP, Bridger Pipeline LLC, Enbridge Energy LP, Magellan Pipeline Company LP, NuStar Pipeline Operating Partnership LP, OneOK Bakken Pipeline LLC, and Plains Pipeline LP. Commissioner Kroshus stated that this year we saw a drop in income in some companies due to decreased revenues or lack of use of those pipelines. The companies that were impacted the most were Belle Fourche Pipeline, Dakota Midstream, LLC-Oil, Hiland Crude LLC, Pembina Cochin LLC, South Bow USA LP, and Southern Lights Holdings LLC. Dakota Midstream LLC- Oil purchased natural gas pipeline USG Wheatland Pipeline LLC in 2024 and in 2025, moved the assets into its own company, Wheatland Energy Connection LLC. In 2025 Oasis Midstream Services, LLC and Enable Bakken Crude Services LLC merged, leaving Enable Bakken Crude Services LLC as the surviving entity. Hiland Crude LLC is in the process of converting line miles from crude oil to natural gas liquids which should be operational in 2026 called Hiland Xpress. Commissioner Kroshus indicated the tentative Oil and Refined Petroleum assessments totaled $2,119,565,500 for 2026. Commissioner Goehring moved the approval of the tentative oil and refined petroleum assessments totaling $2,119,565,500 and Auditor Gallion seconded. Upon the roll call vote, all participating members voted aye. Motion was approved.

Commissioner Kroshus gave a brief introduction on Carbon Dioxide Pipeline. Commissioner Kroshus stated Dakota Gasification worked on some improvements to the line in 2025. Denbury Green and Dakota Carbon Services saw another year of normal depreciation. Commissioner Kroshus indicated the tentative Carbon Dioxide Pipeline assessment totaled $21,618,500 for 2026. Commissioner Goehring moved for the assessed value for carbon dioxide pipelines of $21,618,500 and Treasurer Beadle seconded. Upon the roll call vote, all participating members voted aye. Motion was approved.

A brief introduction on Railroads was given by Commissioner Kroshus stating that both Dakota Missouri Valley and Western and Northern Plains railroads are on their second of the 3-year leveled increase determined last year after an error was found in the calculation of attributable income from the SOO Line railroad. Additionally, the allocation of income reported by SOO Line and Dakota Missouri Valley and Western and Northern Plains Railroad was changed to more accurately reflect who the income is attributable to. These two calculation adjustments, along with an increase in net railway operating income from Dakota Missouri Valley and Western Railroad lead to the changes in value seen by Soo Line Railroad, Dakota Missouri Valley and Wester Railroad, and Northern Plains Railroad. Dakota Northern Railroad saw its 4th year in a row of negative Net Railway Operating Income, leading to another year of decreasing value. While Dakota Northern Railroad does continue to see an increase in their Railway Operating income, they continue to note railway expenses increases at a fast rate. Red River Valley & Western Railroad Company joined the BNSF short line select program in 2025 and expanded its regional freight network. Commissioner Kroshus stated that this change led to the increase in Railway Operating Revenue that Red River Valley & Western saw this past year. Commissioner Kroshus indicated the tentative Railroad assessment totaled $679,940,500 for 2026. Auditor Gallion moved 2026 centrally assessed value for railroads to be $679,940,500 and Treasurer Beadle seconded. Upon roll call vote, all participating members voted aye. Motion was approved.

Commissioner Kroshus gave a brief introduction on Electric, Gas and Heat Utilities stating that in 2025 Dakota Natural Gas reported exempt natural gas lines which fall under HB 1170 from the 2023 session. The company did not identify the exempt lines to our office and therefore, they were centrally assessed. Dakota Natural Gas worked with the counties for an abatement of the exempt lines. This means last year's Assessed Value growth from $5,000,000 in 2024 to $6,700,000 was overstated and thus making this year's percentage change seem larger. The actual percentage change would be closer to 3%. Increase in original costs, net carrier property, revenue, NOI, and increases in 5-year averages for NOI and net investment; increased allocation of assets to North Dakota; cap rate decreased from 9.10% to 8.87% which increases the income valuation approach; and reduced depreciation. Commissioner Kroshus stated in past years, the company had mistakenly double reported Merricourt assets within the Otter Tail Power Co. assets and financial reports which have been corrected. Commissioner Kroshus indicated the tentative Electric, Gas and Heat Utilities totaled $677,940,428 for 2026.

Treasurer Beadle moved the approval of the assessed value of $677,940,428 for the Electric, Gas and Heat Utilities and Auditor Gallion second. Upon roll call vote, all participating members voted aye. Motion was approved.

A brief introduction on Ad Valorem Wind was given by Commissioner Kroshus stating as a whole, the ad valorem wind decreased 2%. Two wind farms completed their twentieth years in operation under the ad valorem wind (57-06-14.1) during calendar year 2024 and have flipped into rate based electric wind generation (57-33.2-04): Florida Power and Light Energy North Dakota Wind LLC and Velva Windfarm LLC. Depreciation increases by 5% annually for the wind farms unless they repower their generators, then a new blended age is calculated which can reduce the age and thus the depreciation percentage. There were four wind farms repowered during 2025: MDU Cedar Hills, and three Otter Tail Power Company windfarms: Ashtabula, Ashtabula III, and Luverne Wind Energy Center. Besides depreciation increasing by 5% each year, there is a 5.15% obsolescence factor applied to each wind farm for 2025. Older wind farms without guaranteed purchase power agreements, struggle to sell their power and often let the electrons go into the atmosphere without a buyer. Commissioner Kroshus stated that these wind farms will continue to generate electrons in order to keep the turbines functional, which was the case with the Tatanka Wind Farm in 2025. Commissioner Kroshus indicated the tentative Ad Valorem Wind assessment totaled $306,590,000 for 2026. Treasurer Beadle moved the approval of the $306,590,000 Ad Valorem Wind assessed value and Commissioner Goehring seconded. Upon roll call vote, all participating members voted aye. Motion was approved.

6. HEARING FOR REVIEW OF THE ELECTRIC DISTRIBUTION, GENERATION, AND TRANSMISSION PAYMENT IN LIEU OF TAX

Commissioner Kroshus gave a brief introduction on Electric Distribution stating this year Burke Divide Electric Coop, Lower Yellowstone Rural Electric Association, & Sheridan Electric Coop all saw increase in demand from oil companies, leading to each of those companies seeing a 14 - 34% increase. Goldenwest Electric Cooperative saw a decrease this year, for the second year in a row. Commissioner Kroshus stated the decrease is due to the new General Manager continuing to focus on building and growing in Montana while retiring dated lines in North Dakota. Overall, there was only a 0.39% increase seen in the Electric Distribution Tax type. Commissioner Kroshus indicated the tentative Electric Distribution assessment totaled $16,432,518.30 for 2026. Treasurer Beadle moved to approve the distribution assessment totaling $16,432,518.30 and Auditor Gallion seconded. Upon roll call vote, all participating members voted aye. Motion was approved.

Commissioner Kroshus stated that the Electric transmission tax only saw a 0.38% increase this past year. FPL Energy Burleigh County Wind LLC transitioned from ad Valorem taxation this year to Electric Generation from Wind tax this year. Commissioner Kroshus reported part of that transition is their need to report their transmission lines separately. Both Northern States Power Company and Oliver Wind IV saw increases in their tax amount due to their newer lines receiving less of the 5-year graduated exemption.

Otter Tail Power Company had misreported miles on their annual report in previous years. The errors have now been corrected, so while there was no actual change in miles or kV rating for lines, they are still seeing a decrease due to the correction of information. Commissioner Kroshus indicated the tentative Electric Transmission tax assessment totaled $1,972,565.53 for 2026. Treasurer Beadle moved for the approval of the transmission assessments totaling $1,972,565.53 and Commissioner Goehring seconded. Upon roll call vote, all participating members voted aye. The motion was approved.

A brief introduction on Electric Generation from Wind was given by Commissioner Kroshus. Commissioner Kroshus specified that this year we saw both FPL Energy Burleigh County Wind and Velva Windfarm switch from being subject to ad Valorem tax to in Lieu Electric Tax. Bowman Wind, LLC and Badger Wind, LLC are new wind farms that began operations in 2025. While Badger Wind did see production in 2025, Bowman Wind did not. Similarly, Oliver Wind IV was a new company in 2024, so this is the first year they are subject to taxation on actual electricity generated. BWF Wind, Courtnay Wind, and Minnkota Power Cooperative all saw small decreases. Commissioner Kroshus reported BWF Wind was shut down while it went through a repower. Courtnay Wind experienced some weather damage to the turbines. Minnkota Power Cooperative had two generators taken offline this past year. Overall, the Electric Generation from Wind tax type was a moderate increase of 7% year over year. Commissioner Kroshus indicated the tentative Electric Generation from Wind assessment totaled $15,207,038.29 for 2026. Commissioner Goehring moved the 2026 centrally assessed Electric Generation from Wind of $15,207,038.29 and Treasurer Beadle Seconded. Upon roll call vote, all participating members voted aye. The motion was approved.

Commissioner Kroshus gave a brief introduction on Electric Generation stating that this year, Basin Electric Power Company saw an increase in their rated capacity by over 100% this year due to historic Pioneer Generation Station in Williams County, leading to the significant increase in total tax due. OREG II saw an increase in generation by just over 15% this year. We have not been able to confirm, but it appears to be an increase in demand from existing customers. Lastly, Minnkota Power Coop had two generators taken offline in 2025, leading to a decrease in generation in Cass County. Commissioner Kroshus seeks indicated the tentative Electric Generation assessment totaled $3,140,235.87 for 2026. Commissioner Goehring moved to the 2026 Electric Generation totaling $3,140,235.87 and Auditor Gallion seconded. Upon the roll call vote, all participating members voted aye. The Motion was approved.

7. APPROVAL OF THE STATE MEDICAL CENTER RESOLUTION.

Commissioner Kroshus read the State Medical Center Resolution which stated the *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, ALBEIT*

RESOLVED that a Medical Center levy for the year of 2025 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 2025. Commissioner Kroshus motioned for the approval of the State Medical Center and Auditor Gallion seconded. Upon roll call vote, all participating members voted aye. The motion was approved.

9. OTHER BUSINESS

Lieutenant Governor Strinden announced the next State Board of Equalization meeting is on Tuesday, August 11, 2026, at 8:30 A.M. in the Brynhild Haugland Room.

10. ADJOURNMENT

Lieutenant Governor Strinden adjourned the meeting at 2:14 p.m. on July 14, 2026.