

State Board of Equalization
August 8, 2023

The State Board of Equalization met in the Coteau Room and the Pioneer Room of the North Dakota State Capitol and virtually through Microsoft TEAMS, Tuesday, August 8, 2023.

The following members were present:

Lieutenant Governor Tammy Miller, Chairperson

Thomas Beadle, State Treasurer

Doug Goehring, Commissioner of Agriculture

Brian Kroshus, Commissioner of Tax

Josh Gallion, State Auditor

Lt. Governor Miller called the meeting to order at 8:34 a.m.

All participating members recited the Pledge of Alliance.

It was moved by Commissioner Kroshus and seconded by Auditor Gallion to approve the agenda. Upon a voice vote, all participating members voted "aye". Motion carried.

It was moved by Treasurer Beadle and seconded by Auditor Gallion to approve the minutes of the July 11, 2023, meeting. Upon a voice vote, all participating members voted "aye". Motion carried.

Lt. Governor Miller introduced the fourth item of business and opened the floor for Derek Simonsen, Griggs County School superintendent. Mr. Simonsen gave the Board a report regarding the school budget and struggles they are facing due to the lack of updating valuation throughout Griggs County. Mr. Simonsen asked the board to step in and address the issue with the Griggs County Commission. Ryan Baron, Midkota School District superintendent reported on the issues he sees due to the inequitable valuations across county lines. Mr. Baron continued, stating that the issue is causing underfunding, which in turn impacts how much the school can offer for salaries, and limiting the number of staff that can be retained for the school district. Commissioner Goehring stated that the school board should just submit their budget as they normally do. Mr. Simonsen stated that he is intending to submit his budget but has concerns because he will be maxing out the mills available. Further discussion was had.

Commissioner Kroshus provided information on the hearing for telecommunications carriers' gross receipts taxes. Commissioner Kroshus further explained that a company had not filed information for tax year 2021 and 2022, therefore three years of information needed to be certified. It was moved by Auditor Gallion and seconded by Treasurer Beadle to amend and approve the telecommunication carriers' gross receipts tax increase of \$612.93 for a total of

\$6,288,954.90 for the year of 2021. Upon roll call vote, all participating members voted "aye". Motion carried.

It was moved by Treasurer Beadle and seconded by Auditor Gallion to amend and approve the telecommunications carriers' gross receipts tax increase of \$2,571.32 to \$4,952,639.34 for the year of 2022. Upon roll call vote, all participating members voted "aye". Motion carried.

It was moved by Commissioner Goehring and seconded by Treasurer Beadle to approve the telecommunications carriers' gross receipts tax total of \$4,831,526.02 for the year of 2023. Upon roll call vote, all participating members voted "aye". Motion carried.

Commissioner Kroshus provided information regarding a company that was late in filing their electric tax return, and the 10% penalty they were assessed. It was moved by Treasurer Beadle and seconded by Auditor Gallion to amend and approve the electric tax increase of \$3,520.00 for a total of \$2,008,981.99 for the year of 2023. Upon roll call vote, all participating members voted "aye". Motion carried.

Lt. Governor Miller introduced the next agenda item and turned the meeting over to Commissioner Kroshus. Commissioner Kroshus gave a brief introduction and explained that each appeal will be investigated following the meeting and a final decision will be made in October. Commissioner Kroshus then turned the meeting over to State Supervisor of Assessments, Shelli Myers. Ms. Myers explained that tolerance levels would be reviewed first then the Board will move to individual appeals. The tolerance level was established as 90 – 100 % during the December 1, 2022, State Board of Equalization meeting.

Ms. Myers first addressed counties that have not completed their sales ratio study as required.

Incomplete Sales Ratio Study

Foster County: Sales Ratio Study not completed as required. Ms. Myers stated that the sales ratio was received on August 3, 2023, but the Property Tax Division has not had the opportunity to review the information. No one presented additional information for Foster County.

Griggs County: Sales Ratio Study not completed as required. Allan Vietmeier, Burleigh County Director of Tax Equalization, stated that he has just signed a contract to complete the required sales ratio study for Griggs County and asked that the deadline for submission be postponed

until October 5, 2023, State Board of Equalization meeting. Treasurer Beadle asked when Mr. Vietmeier began having conversations with Griggs County.

Ms. Myers stated that there are six counties whose sales ratios fall outside the approved tolerance levels: Emmons County, LaMoure County, McIntosh County, Ransom County, Sargent County, and Williams County.

Tolerance Issues

Emmons County: Tolerance level of 87% on their commercial properties. Emmons County Auditor, Marlys Ohlhauser, explained that they have been without a Director of Tax Equalization since February, and asked that nothing be done with their valuation until a new Tax Director can be hired. Ms. Ohlhauser stated that there were no sales of commercial business in the last year, and the sales ratio is only based on the sale of vacant lots. Ms. Ohlhauser further asked if that wasn't possible that the residential values in Emmons County not be raised along with the commercial values. Emmons County Commissioner, Erin Magrum, asked that allowable tolerance levels change to 85 – 100% in following years.

LaMoure County: Tolerance level of 89% on their residential properties. No one presented additional information for LaMoure County.

McIntosh County: Tolerance level of 89% on their commercial properties and 88% on their residential properties. No one presented additional information for McIntosh County.

Ransom County: Tolerance level of 101% on their commercial properties. No one presented additional information for Ransom County.

Sargent County: Tolerance level of 89% on their residential properties. No one presented additional information for Sargent County.

Williams County: Tolerance level of 101% on their commercial properties. No one presented additional information for Williams County.

Ms. Myers moved to the next agenda item and introduced the appeal portion of the meeting. Ms. Myers gave brief technology instructions for those participants who were participating via Microsoft Teams and those participants who were on the phone. Ms. Myers invited appellants located in the Pioneer Room to come to the Coteau Room and reminded appellants that they are asked to keep their presentation to seven minutes. Ms. Myers further reminded appellants that no decision would be made today. Investigations will follow and decisions would be made during the October 5, 2023, State Board of Equalization Meeting.

Appeals, Public Comments

No appeals: Burke County, Burleigh County, or the City of Bismarck.

Cass County: Howard Rasmusson stated that his property is barely in Cass County, located 50 miles away from the Cass County Courthouse, and that there is no paved highway in his township. Mr. Rasmusson further stated that the assessment increased by 103% in the past three years. Mr. Rasmusson stated that his home has a wood basement and was built in 1990 with old barn wood and cost him \$20,000. Commissioner Kroshus asked if Mr. Rasmusson's property was a farm residence. Mr. Rasmusson said that it has never been exempt as a farm residence. Commissioner Goehring asked how the value of Mr. Rasmusson's property compared to similar homes, and further stated that Mr. Rasmusson's mill levy increased significantly. Mr. Rasmusson agreed that the mills did increase significantly, but that his house wasn't fancy.

The State Board of Equalization recessed the meeting at 9:58 A.M. for a break.

The State Board of Equalization meeting was brought back to order at 10:10 A.M.

City of Fargo: Alex Summers with Grant Thornton LLP, representing Loves Travel Stop & Country Shops, presented an appeal stating that the value of the 13-year-old property jumped

from \$5.7 million in 2022 to \$7.5 million for 2023. Mr. Summer's gave a brief description of the property as a 17,000 square foot travel stop with a service garage on 11.5 acres. Mr. Summer's stated that they disagree with how Marshall and Swift values were applied to the costs, how land values were applied to the cost, and comparable properties used during the valuation process by the City of Fargo. Mr. Summer's also stated that they have comparable valuations of new Loves Travel Stop & Country Shops that are a good indicator of value.

City of Fargo: Foftail Creek Townhomes, Summit Point Apartment, and Willow Park Apartments, all owned by Sterling Properties LLLP, are appealing their commercial valuations. No one presented additional information to the Board.

City of Fargo: Tim Nasheim is appealing the value of his 2016, 3 bedroom, 2 ½ bathroom 3,100 square foot residential property in the City of Fargo. Mr. Nasheim stated that he didn't feel that the comparable sales the City of Fargo are using are truly comparable to his parcel as they were newer and had more bedrooms and bathrooms.

City of West Fargo: Tami Norgard with Vogel Law Firm, representing Tevey, LLC, presented an appeal for the reduction in value for a residential property located on Sheyenne Street. Ms. Norgard stated that the increase of \$423,000 in the last year is not supported by the market, and that if the value is continually increased at this rate, it will be valued at \$9,000,000 in 5 years. Ms. Norgard further stated that the computer model the City of West Fargo is using to value the Tevey, LLC, parcel doesn't account for exceptional property like Tevey, LLC. Commissioner Kroshus asked what caused the increase in value. City of West Fargo Assessor, Nick Lee, stated that the entire city saw an increase of 9 – 12% this past year, while this parcel only saw a 3% increase.

No appeals: Cavalier County, Dickey County, Divide County, Dunn County, Eddy County, Emmons County, or Foster County.

Golden Valley County:Owen and Nona Niece are appealing the residential property of their parcel. No additional information was presented to the Board by the appellants. Golden Valley Director of Tax Equalization, Patricia Davis, stated that the appeal was not seen or heard by the Golden Valley County Board of Equalization. Commissioner Kroshus asked if the appellant

submitted any paperwork regarding an appeal prior to the County Board of Equalization meeting.

No appeals: Grand Forks County or the City of Grand Forks.

Grant County: Randall Binegar, President, Heart Butte Association, is representing himself as well as all homeowners around Lake Tschida located within the Heart Butte Association. Randall states he believes Grant County is double taxing the homeowners because the county is taxing the land which is owned by the United States and the county receives PILOT payments, therefore Grant County is unjustly enriching themselves. Mr. Binegar also stated that the homeowners are required to sign highly restrictive permit agreements which limit the use of the land and access to the land to only 7 out of 12 months. Commissioner Goehring asked for clarification on the lease, permit, and payment amount.

Grant County: Chad Nodland is appealing the residential valuation on his parcel on Lake Tschida. Mr. Nodland clarified a previous question, stating that they are permit holders, not lease holders. Mr. Nodland further explained that if the permittee does not abide by all of the restrictions, the permit can be revoked, and the homeowner would be required to pull everything off the land, including the foundation and septic system. Mr. Nodland provided a copy of a permit and an AG opinion that addressed possessory interest.

Grant County: William Schneider, owner of Red Rock Resort, presented an appraisal for his commercial property. Mr. Schneider clarified that his property is separate from the Heart Butte Association and is owned privately. Further, Mr. Schneider stated that his value has increased by over 400% in this last year. Additionally, Wade Bachmeier, appraiser, addressed the Board and explained details contained in his appraisal and how he determined the value. Mr. Bachmeier stated that Mr. Schneider asked him to complete the appraisal utilizing the discounted cash flow method. Commissioner Kroshus asked how many lots made up Red Rock Resort. Grant County representative, Robert Ehler from Vanguard Appraisal Inc., addressed the Board and discussed the mass appraisal that occurred in Grant County beginning in 2022.

Discussion continued with other homeowners, Scott Ressler, Rick Olson, Ronald Brandt, and Dennis Prindiville, from Grant County. Mr. Ressler stated that the only value to the property

surrounding Lake Tschida is the land, and the land cannot be taxed because Grant County receives a PILOT payment. Mr. Ressler also stated that the value should reflect that in a few years the homeowners may not be able to reach the lake. Further, Mr. Ressler stated that Grant County does not maintain the road surrounding Lake Tschida. Mr. Olson stated that 95% of the cabins sold from Lake Tschida are sold "turnkey", therefore the sale price includes personal property. Mr. Brandt described a sale of a cabin that occurred recently. Mr. Prindiville clarified that permit holders sign a 5-year agreement, and that practice started in 1951. Mr. Olson continued the discussion and gave additional history on the transfer of ownership between the Bureau and ND Game and Fish.

No appeals: Griggs County, Hettinger County, Kidder County, LaMoure County, Logan County, McHenry County, McIntosh County, McKenzie County, the City of Watford, McLean County, Mercer County, or Morton County

City of Mandan: Trent Jackson, representing Jason Frank, presented information to the Board. Mr. Jackson stated that Mr. Frank did not receive a notice of increase until after the Mandan City Board of Equalization meeting. Mr. Frank explained that he is a home builder in both Morton and Burleigh Counties, and that his clients in Morton County frequently call to complain that their property in Morton County is taxed 30% higher than the actual market value.

No appeals: Mountrail County, Nelson County, or Oliver County.

Pembina County: Dennis Biliske is appealing his agricultural land, stating that soil modifiers should have been applied. No additional information was presented to the Board.

Pembina County: Curtis and Pamela Christenson are appealing their agricultural land, stating that soil modifiers should have been applied. No additional information was presented to the Board.

Pembina County: Ted Juhl is appealing his agricultural land, and the land for those he represents: Kevin Juhl, Lyndon Juhl, Angela Juhl, stating that soil modifiers should have been applied. Mr. Juhl stated that water stands on his land, roads are not repaired quickly enough, the

sale price of his land is lower than other agricultural land, and townships applied a blanket 30% flood modifier, but the Pembina County Board of Equalization denied the modifier.

Commissioner Kroshus asked how many of the last 20 years he was unable to crop his land and if he practiced tiling on his land to help with the water. Commissioner Goehring asked if there was anything preventing Mr. Juhl from tiling his land, and if Mr. Juhl considered applying for relief through the Emergency Conservation Program. Commissioner Goehring further asked if he requested a soil modifier from the county due to flooding.

Pembina County: Darren Olafson is appealing his agricultural land, and the agricultural land for those he represents: Curtis Olafson, Roger Olafson, and Waldemar Melsted. Mr. Olafson explained that he was not happy with how the County Board of Equalization meeting was conducted. Mr. Olafson stated that he is unsure why an artificial line drawn at 35 PI (productivity index) whereas any soil above 35 PI is "crop" and any soil below 35 PI is "non-crop". Mr. Olafson stated his appeal is based on the increase in land value which is directly related to the lack of use of soil modifiers. Commissioner Goehring stated that if there are different soil types on one parcel, those different soil types should be listed with their PI and different value per acre. Commissioner Kroshus clarified that 1 in 3 counties do not implement soil modifiers.

Lieutenant Governor Miller recessed for lunch at 12:03 P.M.

Lieutenant Governor Miller called the meeting back to order at 1:01 P.M.

Lieutenant Governor Miller noted that a date was incorrect on the approved July 11, 2023, minutes. It was moved by Commissioner Goehring and seconded by Auditor Gallion to amend and approve the minutes of the July 11, 2023, meeting. Upon voice vote, all participating members voted "aye". Motion carried.

Pembina County: Mark Myrdal is appealing his agricultural land, stating that soil modifiers should have been applied. No additional information was presented to the Board.

Pembina County: Rosemarie Myrdal is appealing her agricultural land, stating that soil modifiers should have been applied. No additional information was presented to the Board.

Pembina County: Bradley Schuster is appealing his agricultural land, and the land of those he represents: Charles & Arlene Schuster, Francis & Debra Bellamy, Randall Emanuelson, Raney Family Farm Management Agency, Richard Halcrow, Ronald & Roberta Corrick, and Triple E Farms, stating that soil modifiers should have been applied. Mr. Schuster stated that modifiers must be used throughout Pembina County because of the flooding in the East and excessive rocks in the West. Mr. Schuster further gave details on how the frequent flooding affects crop lands in Pembina County, and his intention to abate for the use of soil modifiers. Commissioner Goehring asked if the issues stated in the appeals all surrounding the prior Pembina County Tax Director. Auditor Gallion asked if the Pembina County Commission wouldn't even entertain the idea of implementing modifiers. Commissioner Kroshus asked if the prior Pembina County Tax Director dissuaded the Commission from using soil modifiers.

Pembina County: Jeff and Jane Stevenson are appealing their agricultural land value stating that the different values assigned by the county for participation in different government programs is creating inequity and that their value should be decreased to that of their neighbors. No additional information was presented to the Board.

Discussion continued with another Pembina County resident, Loren Estad. Mr. Estad gave a history of the interactions between the Townships and Pembina County Board of Commissioners. Mr. Estad continued by stating that with the newly approved values, his taxes will go down, but that isn't fair or equal for those other property owners. Commissioner Kroshus asked who Mr. Estad was representing. Commissioner Goehring asked who Mr. Estad is representing and if he is on the soil committee.

Discussion continued with Dustin Bakken, Komplex Assessment Solutions LLC. Mr. Bakken stated that his company was retained in 2020 to help fix the soil valuations issue that has been present in Pembina County for years. Mr. Bakken gave a detailed history of the process he has taken in working with Pembina County in implementing updated values and soil modifiers. Mr. Bakken stated that he has a complete document regarding soil modifiers and soil valuations and asked the Board not to reinvent the wheel, and instead to use his information. Lieutenant Governor Miller asked what the status of the document is and asked for clarity if the document was presented and implemented. Commissioner Kroshus asked if Pembina County prepared the document, or if Komplex Assessment Solutions, LLC created it at the expense of Pembina County taxpayers. Commissioner Goehring asked about times when modifiers don't need to be

used. Bradley Schuster, Loren Estad, and Darren Olafson continued with further discussion regarding their thoughts on soil modifiers and soil conditions in Pembina County.

No appeals: Pierce County, Ramsey County, the City of Devils Lake, Ransom County, Renville County, Richland County, the City of Wahpeton, Rolette County, Sargent County, Sheridan County, Sioux County, Slope County, Stark County, or the City of Dickinson.

Steele County: Jeffery Nelson is appealing the valuation on two parcels, stating that they should be classified as agricultural instead of commercial. No additional information was presented to the board.

No appeals: Stutsman County, the City of Jamestown, Towner County, Traill County, Walsh County, the City of Grafton, Ward County, the City of Minot, or Wells County.

Williams County: Trevor Hunter, an attorney with Crowley Fleck, representing JMAC, is appealing a total of seven commercial properties. Mr. Hunter stated that three of the parcels were purchased in May of 2022 for \$4,195,000 and the other four were purchased in September of 2022 for \$2,000,000. Mr. Hunter clarified that the appraisals completed were both fee appraisals and not lease appraisals. Mr. Hunter stated that the sales the City and County are using as comparable sales are not good sales, and therefore shouldn't be used as comparisons.

Williams County: Kimberly King, representative for Energy Property Partners LLC; 826 48th Ave, stated that this is a property with eight buildings. Ms. King stated that Jones Lang completed an appraisal that determined a value of \$11,500,000 which is approximately \$84 per square foot. Ms. King further stated that she reviewed sales of comparable properties, and they showed a land value of \$60 per square foot, while this parcel is valued at \$126.19 per square foot.

Williams County: Kimberly King, representative for Energy Property Partners LLC, 36 S Ave, stated that this property has increased in value by 30% compared to last year's value. Ms. King is asking that the value be reverted to last year's value. Ms. King further stated that the value on this property increased from \$89 per square foot last year to \$117 per square foot for 2023.

Additionally, Ms. King stated that comparable sales indicate a value of \$75 to \$88 per square foot.

Williams County: Craig and Christine Hoglund are appealing their residential property value. No additional information was presented to the Board.

Williams County: Hal Hickel is appealing his residential property value located in Ray, North Dakota. Mr. Hickel stated that he had an appraiser completed an appraisal of his property which determined a value of \$80,000 while it is assessed at \$109,000. Mr. Hickel continued, stating that he recently sold that property for less than both the appraised and assessed value. Mr. Hickel stated that the only property being sold in the City of Ray is property that is owned by the city. Mr. Hickel continued by stating that a road was removed near his father's property. Mr. Hickel stated that the cops were called because he was taking his cows on to school lands that he rents. Commissioner Kroshus asked if Mr. Hickel had any specific parcels that he was appealing. Williams County Tax Director, Darcy Anderson, stated that she will be working with Ms. Myers and Property Tax Division staff through these appeals.

No appeals: Adams County, Barnes County, Valley City, Benson County, Billings County, Bottineau County, or Bowman County.

Ms. Myers turned the meeting over to Commissioner Kroshus. Commissioner Kroshus gave a brief description of the next steps to include investigations by the Property Tax Division, written reports given to the State Board Members, and a final decision would be made by the State Board of Equalization after reviewing the provided reports. Commissioner Kroshus further thanked Property Tax Division staff for their hard work. Commissioner Kroshus confirmed the next State Board of Equalization meeting will be held on Thursday, October 5, 2023, in the Peace Garden Room. Treasurer Beadle also stated his thanks for the hard work completed by the Property Tax Division. The meeting was turned over to Lt. Governor Miller.

Lieutenant Governor Miller asked for any other business.

It was moved by Treasurer Beadle and seconded by Commissioner Goehring to adjourn the meeting. Upon a voice vote, all participating members voted "aye". Motion carried.