

The State Board of Equalization met in regular session in the Red River Room at the North Dakota State Capitol and virtually via Microsoft Teams. Governor Armstrong called the meeting to order at 1:05 p.m. on July 8, 2025

1. PLEDGE OF ALLEGIANCE

2. APPROVAL OF AGENDA

Auditor Gallion moved, and Treasurer Beadle seconded to approve the agenda. Upon voice vote, all participating members voted aye. The motion passed.

3. APPROVAL OF MINUTES FROM THE NOVEMBER 7, 2024 MEETING

Treasurer Beadle moved and Auditor Gallion seconded to approve the minutes from the November 7, 2024, meeting. Upon voice vote, all participating members voted aye. The motion passed.

4. WELCOME AND INTRODUCTORY REMARKS

5. HEARING FOR CENTRALLY ASSESSED COMPANIES ON THE 2025 TENTATIVE ASSESSMENTS.

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 in September through the first half of December. Treasurer Beadle moved, and Auditor Gallion seconded to approve the 2025 airline assessments totaling \$10,689,500. Upon voice vote, all participating members voted aye. The motion passed.

Commissioner Kroshus stated that on average, Natural Gas companies saw an increase in revenue during 2024. That increase in revenue can be seen in Dakota Midstream LLC, Northern Border Pipeline Company, and Pecan Pipeline (North Dakota) 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 2024. Those include Hess Bakken Investments II LLC, Hess Tioga Gas Plant LLC and Liberty Resources II. In 2024 Bison Pipeline experienced another drop in operating income but are expecting to see an increase in revenues again in 2026 for the 2027 assessment. Andeavor Gathering I LLC saw regular depreciation and a decrease in throughput last year decreasing their assessed value more significantly. WBI Energy Transmission Inc. put 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. True Oil LLC purchased Roughrider Pipeline Co. in 2024. In the beginning of 2025 Hiland Sanderson System LLC purchased OE2 North LLC, submitting the 2024 financials. Treasurer Beadle moved and Auditor Gallion seconded to approve the tentative natural gas assessments totaling \$3,507,016,500. Upon voice vote, all participating members voted aye. The motion passed.

Commissioner Kroshus gave a brief introduction on Oil and Refined Petroleum. Like Natural Gas, several companies saw an uptick in operating revenue, to include Bridger Pipeline LLC, Dakota Midstream LLC, Enbridge Energy LP, ONEOK Bakken Pipeline LLC, Pelican Gathering Systems LLC and Plains Pipeline LP. This year we saw a continued drop in income in three

companies due to previous loss of contracts and lack of use of those pipelines. The three companies that were impacted the most were Bakken Pipeline Company, Belle Fourche Pipeline, and Tidal Energy Marketing US LLC. TransCanada Keystone Pipeline LP changed their name to South Bow USA LP in 2024. Dakota Midstream LLC- Oil purchased natural gas pipeline USG Wheatland Pipeline LLC. Auditor Gallion moved, and Treasurer Beadle seconded to approve the tentative oil and refined petroleum assessments totaling \$2,096,451,500. Upon voice vote, all participating members voted aye. The motion passed.

Commissioner Kroshus gave a brief introduction on Carbon Dioxide Pipeline. Dakota Gasification saw another year of significant depreciation due to the contract entered into with the Office of State Tax Commissioner in 1999. Denbury Green saw a year of normal depreciation. Dakota Carbon Services is a new pipeline located in Mercer County. Commissioner Goehring moved, and Auditor Gallion seconded to approve the tentative Carbon Dioxide Pipeline assessments totaling \$22,612,500. Upon voice vote, all participating members voted aye. The motion passed.

Commissioner Kroshus stated that Dakota Northern Railroad had an updated valuation model based on projected and historic income which resulted in an increase. Dakota, Missouri Valley & Western RR has income generated in connection with SOO Line corrected from prior years resulting in a significant increase in value. Value reflects a proposed three-year span of increases instead of one huge increase this year. Northern Plains railroad did not report. An assessment was based on the information in SOO Line Railroad Company and projected changes in income and assets. Income generated in connection with SOO Line corrected from prior years resulting in a significant increase in value. Value reflects a proposed three-year span of increases instead of one huge increase this year. Red River Valley & Western saw a 43% increase in revenue. SOO Line saw a 15% decrease in income this year, that decrease coupled with 37% increase expenses resulting in a significant decrease in valuation through the income method of valuation. Commissioner Goehring moved, and Auditor Gallion seconded to approve the tentative railroad assessments totaling \$699,407,500. Upon voice vote, all participating members voted aye. The motion passed.

Commissioner Kroshus stated that Dakota Natural Gas added 32 miles of line and equipment assets which resulted in a 5% increase in the ND assets. In 2024, Otter Tail Power Company discovered they had been reporting double their Merricourt Wind Center within the ad valorem tax annual return (57-06 EGH) and the electric tax (57-33.2) for four years, 2020 - 2024. The property tax division worked with OTP Co. to make corrections for those four years of double reporting, removing the Merricourt Wind Center valuation from the ad valorem tax. The overall effect results in an annual taxable value credit amount of \$4,126,838 or assessed value credit amount of \$41,268,380 per year beginning with the 2025 assessment and ending with the 2028 assessment. Commissioner Goehring moved, and Treasurer Beadle seconded to approve the tentative electric, gas and heat assessments totaling \$581,619,528. Upon voice vote, all participating members voted aye. The motion passed.

Commissioner Kroshus stated that the capitalization rate increased from 8.64% to 9.10% this year which decreased income valuation. However, most wind farms are valued based upon the cost approach. The ad valorem wind (assessed under NDCC 57-06) has increased 5% mainly due to the repowering of Otter Tail Power Company's Langdon Wind Farm, increased assets for

Otter Tail Power Company's three other wind farms which are being repowered this summer, and increased generation at the Tatanka Wind Farm. Depreciation increases by 5% annually for the wind farms unless they repower their generators. There is also a 9.29% obsolescence applied to each wind farm for 2024. Older wind farms without guaranteed contracts struggle to place their power on the MISO power grid, which was the case with the Tatanka Wind Farm in 2023. However, in 2024 Tatanka was able to generate power for sale to a crypto currency mining facility and soon an AI company near Ellendale, ND. Commissioner Goehring moved, and Auditor Gallion seconded to approve the tentative wind assessments totaling \$314,443,400. Upon voice vote, all participating members voted aye. The motion passed.

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. Electric Distribution shows an 8% increase this year, this is mostly attributable to the increases seen by Mountrail Williams Electric and McKenzie Electric Cooperative. Auditor Gallion moved, and Treasurer Beadle seconded to approve the tentative distribution assessments totaling \$16,367,993.25. Upon voice vote, all participating members voted aye. The motion passed.

Commissioner Kroshus gave a brief introduction on Electric Transmission. Commissioner Kroshus stated that all changes in value are directly related to lines coming off of the 5-year graduated exemption given through N.D.C.C. § 57-06-17.3 Auditor Gallion moved, and Treasurer Beadle seconded to approve the tentative transmission assessments totaling \$1,965,047.06. Upon voice vote, all participating members voted aye. The motion passed.

Commissioner Kroshus stated that Electric Generation from Wind assessed under NDCC § 57-33.2 shows a slight increase since last year. Most of it is attributed to the two new companies assessed under NDCC 57-33.2. Auditor Gallion moved, and Treasurer Beadle seconded to approve the tentative wind generation assessments totaling \$13,595,166.93. Upon voice vote, all participating members voted aye. The motion passed.

Commissioner Kroshus gave a brief introduction on Electric Generation. OREG II increased their rated capacity which shows in their percentage change, but as a whole, the electric generation remains steady. Auditor Gallion moved, and Treasurer Beadle seconded to approve the tentative generation assessments totaling \$2,529,435.47. Upon voice vote, all participating members voted aye. The motion passed.

7. APPROVAL OF THE STATE MEDICAL CENTER RESOLUTION.

Commissioner Kroshus read the 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, 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 moved the State Medical Center Resolution. Upon the roll call vote, Commissioner Kroshus; yes, Auditor Gallion; yes, Treasurer Beadle; yes, Commissioner Goehring; yes, and Governor Armstrong; yes. The motion passed.

#### 8. GRIGGS COUNTY UPDATE

Commissioner Kroshus wanted to provide an update to the Board about Griggs County. The 2025 Griggs County sales ratio indicates an increase needed in both residential and commercial parcel values. Preliminary recommendations were given to the Griggs County Commission on February 24, 2025, and the County Board of Equalization meeting was scheduled. Assessment books distributed to local assessors and sales ratio preliminary recommendations were given to the assessors and presented to the Townships Officers at a meeting on March 11, 2025. The townships and cities scheduled their local board of equalization meetings within the first fifteen days of April. Griggs County has signed a contract with Vanguard Appraisals. The appraisal program should have the county's parcels created and software installed within the month. The city of Cooperstown has had Vanguard program license for years and their property data, size, year built, type, etc. will also be imported and housed in the County program. The 2025 Griggs County sales ratio indicated an increase needed in both residential and commercial parcel values. Recommendations were given to townships and cities and to the Griggs County Commissioners. The County Board of Equalization meeting was scheduled for June 9, 2025.

The townships and cities held local board of equalization meetings within the first fifteen days of April. Discussion with local assessors the need for current data to be collected and imported to the county mass appraisal program. Received property record cards for townships and the city of Binford is scheduled for a reappraisal later this summer. Although the mass appraisal program software has been installed with parcel data, we will be working on the review after the county board of equalization. Cooperstown's property data, size, year built, type, etc., has not been created or imported into the county program.

#### 9. OTHER BUSINESS

Governor Armstrong announced the next State Board of Equalization meeting is on Tuesday, August 12, 2025, at 8:30 A.M. in the Brynhild Haugland Room.

#### 10. ADJOURNMENT

Commissioner Goehring moved, and Treasurer Beadle seconded to adjourn. Upon voice vote, all participating members voted aye. The motion passed. Governor Armstrong adjourned the meeting at 1:36 p.m. on July 8, 2025.