

## BOARD OF EQUALIZATION MEETING

### COUNTY BOARD OF EQUALIZATION

TUESDAY, JUNE 8, 2021

9:00 AM

Pembina County Board of Equalization met at 9:00 AM in the gymnasium of the Cavalier Public School with the following members present: Jim Benjaminson, Laverne Doyle, Nick Rutherford, and Hugh Ralston. Absent: Hetty Walker. Also in attendance were Mikka Willits, Director of Tax Equalization, Lisa Wieler, Deputy Tax Director/GIS Specialist, Laura Hinkel, Auditor's Clerk, Lance Duey, USDA-NRCS Resource Soil Scientist, and Dustin Bakken, Kompleks Assessment Solutions LLC. Zelda Hartje, Carmen Augustin, Stacey Heuchert, and Anita Beauchamp, Certified Assessors, also present.

Chairperson Doyle called the Board of Equalization meeting for City Equalization to order. There were eleven individuals in attendance for City Equalization. Chairperson Doyle turned the meeting over to Mikka Willits. Mikka presented a few housekeeping items and turned the meeting over to Lance Duey and Dustin Bakken.

Lance presented a Power Point explaining what a soil survey is and what a soil map is. Lance provided examples of a soil map along with soil map unit concepts and in-depth criteria for the soil map unit. Soil map units or components are modified with phase terms. Types of phases used in eastern North Dakota include, but are not limited to, salinity, flooding, ponding, wetness, surface fragments and slope. USDA phased out the printing of reports after making Web Soil Survey the official source for information in 2005. Web Soil Survey became the official source for the Soil Survey in Pembina County on February 16, 2005. Version 26 is the most current official soil survey data for Pembina County and it became available to the public on July 1, 2020. MLRA projects are used to review map unit concepts or interpretations that may need adjustment. Adjustments are made and the data is entered in the National Soils Information System (NASIS). Data is refreshed/updated annually. Web Soil Survey is used to interpret soil and landscapes for general land use planning. Lance reviewed both visual and numeric soil interpretations available on Web Soil Survey. Lance explained that a productivity index (PI) is a method of arraying soils for non-irrigated commodity crop production based on inherent soil properties. Effective June 1, 1987, the USDA began using productivity indexes for soil series and phases. Productivity estimates are to be based on soil/landforms and do NOT take management decisions, such as drain tile or irrigation, into consideration. Lance reviewed productivity index limitations as well as adjustments for different phases. Soil survey accuracy challenges must focus on technical deficiencies in the soil survey's design limits, as interpretations themselves cannot be challenged which includes the Productivity Index. NRCS's burden is to defend

the technical quality of the soil survey, as soil surveys are done for conservation purposes, not tax equalization purposes.

Dustin presented a Power Point on the 2021 agricultural and reassessment. Dustin reviewed NDCC 57-02-01(01) and NDCC 57-02-01(1)A. There are two types of agricultural land for the purpose of property assessment, cropland and non-cropland. In 2007 the legislature required use of soil type and soil classification data from detailed and general soil surveys for valuing agricultural land and no longer permitted use of previous assessment data and required the Tax Director to provide assessors of agricultural land a schedule of modifiers (approved by the State Supervisor of Assessments) with directions regarding how those modifiers were to be applied. This change required local assessors to apply the considerations of soil type and soil classification data from detailed or general soil surveys, to use a schedule of modifiers to adjust agricultural property and to consider the actual use of the property for cropland or non-cropland purposes. Legislature provided a penalty for noncompliance in NDCC 57-02-27.2(10) in 2009 which would require the State Treasurer to withhold 5% from the State Aid payment to the county. In 2011 the Legislature amended NDCC 57-02-27.2(10) requiring full implemented use of soil type and soil classification data from detailed or general soil surveys by February first of any taxable year after 2011 and have the State Treasurer withhold 5% of the county's state aid allocation beginning with the first quarter of 2013. In 2011 the Legislature also enacted NDCC 57-02-50 to establish a special fund in the state treasury, known as the Agricultural Land Valuation Fund, to deposit the moneys withheld. Dustin reviewed NDCC 57-02-27.2, which requires the Tax Director to use soil type and soil classification data from detailed and general soil surveys. Dustin reviewed the NDSU production formula, which is used to determine agricultural value for cropland and non-cropland. Data from the National Agricultural Statistics Service (NASS) of the USDA was used to determine crop production for years 2001-2009. Data from the Risk Management Agency (RMA) of the USDA has been used for 2010 and beyond. Dustin reviewed the Cost of Production Index, explained how to determine the capitalization rate, and discussed what changes the value of cropland and non-cropland. Dustin reviewed how values are added to parcels by determining the acreage of each soil type or soil map unit within each parcel and assigning a value to the soil types based on productivity indices (PI). Productivity Indices (PI) can be used to determine the long-term production capacity of a soil used for agricultural crops under a defined level of management. When considering land use in the assessment process, another category of use that may be encountered is nonproductive land, those areas not managed for cultivating crops or sustaining livestock. These parcels are often given values comparable with the lowest ranking soil or lowest ranking non-cropland value.

A question and answer period followed for the individuals in attendance, with Ms. Willits calling on the individuals that indicated "Yes" they would like to address the Board.

Discussion followed. Ms. Willits called on each city for appeals. The only city that had appeals was the City of Crystal.

Mikka presented one main packet, consisting of documentation previously provided, to the Board of Equalization for review of Parcel 28-0020006 belonging to Estad Farm Corporation. Mikka also presented additional documentation for each Board member. Terin Riley, Fleming, Dubois & Fleming LLP, representing Estad Farm Corporation, hand delivered and reviewed a large packet of information related to the appeal with the Board. Estad Farm Corporation is requesting the assessment designation be changed from commercial to agricultural. Discussion followed. The Crystal City Board of Equalization approved the assessment designation change from commercial to agricultural at their April 5, 2021 Equalization meeting. The Board will need time to review the documentation provided. The Board may contact Ms. Riley with any questions.

Mikka presented one main packet, consisting of documentation previously provided, to the Board of Equalization for review of Parcel 28-1640000 belonging to H & V Partnership. Terin Riley, Fleming, Dubois & Fleming LLP, representing H & V Partnership, hand delivered and reviewed a large packet of information related to the appeal with the Board. H & V Partnership is requesting the assessment designation be changed from commercial to agricultural. Discussion followed. The Crystal City Board of Equalization approved the assessment designation change from commercial to agricultural at their April 5, 2021 Equalization meeting. Discussion followed. The Board will need time to review the documentation provided. The Board may contact Ms. Riley with any questions.

Dave Moquist presented information related to an abatement for Parcel 28-16300000, on the south side of State Highway 66, belonging to O. C. Schulz & Sons, Inc. Dave is requesting the assessment designation be changed from commercial to agricultural and the building is tax exempt. The Crystal City Board of Equalization approved the assessment designation change from commercial to agricultural at their April 5, 2021 Equalization meeting. Discussion followed. Mr. Moquist is also requesting the assessment designations be changed on Parcel 28-1200000, Parcel 28-1320010, and Parcel 28-1610000. Upon review of the Crystal City Equalization minutes, no motion was made by the City of Crystal to approve the designation change. The Board may contact Mr. Moquist with further questions. Commission will review and make a decision when the Board of Equalization reconvenes on June 28, 2021 at 11:00 AM in the Farmer's Room of the Courthouse.

Kayo Vivatson discussed following NDCC and advised the Commission to use caution when making a decision.

City Equalization was recessed. Pembina County Tax Equalization meeting is recessed until 1:00 pm.

Chairperson Doyle reconvened the Board of Equalization meeting and called the Township Equalization meeting to order. There were ninety individuals in attendance for Township Equalization. Chairperson Doyle turned the meeting over to Mikka Willits. Mikka presented a few housekeeping items and turned the meeting over to Lance Duey and Dustin Bakken who reviewed the same Power Point presentations as were presented at City Equalization.

A question and answer period followed for the individuals in attendance, with Ms. Willits calling on the individuals that indicated "Yes" they would like to address the Board. Discussion followed. Ms. Willits called on each township for non-soils appeals.

Zelda Hartje spoke on behalf of Carlisle Township and Cavalier Township. In 2012 the assessing of agricultural land was removed from the local assessors. Zelda stated the local assessors were not aware of this change and is requesting there be better communication between the local assessors and the Tax Director. Zelda is suggesting the Commissioners consider delaying the addition of the valuations for one year and form a soils committee to determine agricultural land values which would include modifiers.

Terin Riley, Fleming, Dubois & Fleming LLP, representing Estad Farm Corporation, referred the Board to the large packet of information she presented at City Equalization this morning, which included information for an appeal on Parcel 07-0610005. Terin reviewed the documentation with the Board. Terin requested the Board of Equalization refer to the Crystal Township Board of Equalization minutes and affirm the township's motion to designate the assessment as agricultural property instead of commercial property. The Board will need time to review the documentation provided. The Board may contact Ms. Riley with any questions.

Terin Riley, Fleming, Dubois & Fleming LLP, representing Crystal Chippers, hand delivered and reviewed a large packet of information related to an appeal for Parcel 07-0610010, with the Board. Terin requested the Board of Equalization refer to the Crystal Township Board of Equalization minutes and affirm the township's decision to designate the assessment as agricultural property instead of commercial property and exempt the building, taking into consideration that it is a part of the larger farm plant. The Board will need time to review the documentation provided. The Board may contact Ms. Riley with any questions.

Terin Riley, Fleming, Dubois & Fleming LLP, representing Heuchert Willow Creek Ranch, hand delivered and reviewed a large packet of information related to an appeal for Parcel 07-2080000, with the Board. Terin informed the Commission that Heuchert Willow Creek is still waiting on a decision on their 2019 and 2020 abatement of taxes on

this parcel. Terin is requesting the Board of Equalization refer to the Crystal Township Board of Equalization minutes and affirm the township's decision to designate the assessment as agricultural property instead of commercial property and exempt the building, taking into consideration that it is a part of the larger farm plant. The Board will need time to review the documentation provided. The Board may contact Ms. Riley with any questions.

Carmen Augustin, Lodema Township Assessor, discussed appraisal of exempt property in the township. She did not receive cooperation from the residents and she feels it put her in a difficult situation. Discussion followed on Farm Exemption Applications. Carmen presented a map, from the Pembina County plat book, with the number of increase notices that were sent to each township. She strongly feels a soils committee needs to be organized.

Dustin Bakken agreed with the consensus of the group and the best solution may be to wait one year to add the new valuations. Dustin stated the focus of the appeals could be shifted to the Native Woodland and Watershed Easement (EWP and WRP) acres that were updated with NRCS.

Motion made by Nick Rutherford to table the addition of the new values until the February 1, 2022 assessment date, retaining the adjustments made on the Native Woodland and Watershed Easement parcels that were updated prior to the soils valuations being changed and to have soil valuation appeals received no later than September 1, 2021. Second by Hugh Ralston. Roll call vote; Jim Benjaminson – yes; Hugh Ralston – yes; Nick Rutherford – yes; Laverne Doyle – yes. Motion carried.

Discussion followed on the formation of soils committees, requesting one individual from each township or two from the double townships.

Motion made by Nick Rutherford and seconded by Hugh Ralston to recess the County Equalization meeting and reconvene on Monday, June 28, 2021 at 11:00 am in the Farmer's Room of the Courthouse. All voting in favor; motion carried.

/s/ Laverne Doyle, Chairperson  
Pembina County Board of Commissioners

ATTEST: /s/ Linda Schlittenhard  
Pembina County Auditor/Treasurer