

Pembina County Soils Committee

November 4, 2021– 1:00 PM

Farmer's Room~ Pembina County Courthouse

SOILS COMMITTEE UNOFFICIAL MINUTES:

A regular meeting of the Pembina County Soils Committee was held on Thursday, November 4, 2021 at 1:00 p.m. in the Farmer's Room of the Pembina County Courthouse. **Members Present:** Camburn Shepherd, Bill Gunderson, Robert Vivatson, Brad Schuster, Curtis Christenson and Nick Heuchert (Alternate) **Others Present:** Tax Equalization Director, Mikka Willits, Deputy Tax Director/GIS Specialist, Lisa Wieler, Casey Krieg, Certified Assessor/NDSU Extension, Commissioners, Manny Doyle and Nick Rutherford, Loren Estad, Jim Belanus, Zelda Hartje, Lyn Augustin and Ted Juhl

Member's Absent: none

Guest Speakers via Teleconference: Ron Haugen, Farm Management Specialist, Lance Duey, Assistant State Soil Scientist, Dustin Bakken, Executive Vice President Kompleks Assessment Solutions, LLC **Others Present via Teleconference:** David Moquist, Anita Beauchamp and Dave Monson

Meeting was called to order by Chairman Camburn Shepherd at 1:04 p.m.

Ron Haugen, Farm Management Specialist, Dept. of Agribusiness and Applied Economics at NDSU gave a presentation on the ND Agricultural Land Valuation Model. Mr. Haugen discussed Century Code 57-02-27.2 which refers to the valuation and assessment of Agricultural lands. Mr. Haugen went over the calculations and how they are derived upon for cropland, non-cropland and native rangeland/pasture values (as well as the difference between rangeland and pastureland.) Agricultural value is defined as the "capitalized average annual gross return." Mr. Haugen went over the percentages for Ag land and explained how the data for the most recent 10 years are used with the high and low years dropped and the remaining 8 years averaged. Average landlords share of gross return is divided by the capitalization rate to derive land value. The data to estimate gross revenue for cropland are: 1. Acreage for each of the crops grown, prevent plant and fallow or idle for each county, 2. Yield per acre for each of the crops, and 3. Price for each of the crops. The source of data is NASS of the US Dept. of Ag, RMA of the USDA, and FSA of the USDA. Mr. Shepherd inquired whether or not CRP acres were considered cropland, and Mr. Haugen responded Yes. Mr. Haugen went over the procedure for estimating gross revenue from crop production in each county for each crop. The estimates of Native Rangeland and Pasture values are measured in animal unit months (AUM's). One AUM is assumed to be enough grazing capacity to support a 1,000 pound cow and her calf for one month. The data to estimate gross revenue for non-cropland in each county are: 1. Acreages of rangeland and pasture in each county. 2. Carrying capacity (in AUM's) and price calves and cull cows. The source of data used is NASS, NRCS as well as local livestock market reports. Mr. Haugen displayed and discussed several examples for non-cropland revenue for Pembina County, as well as the CRP and Government Program Payments Data. He explained the data used to develop the interest rate used to capitalize the landlord share of gross revenue is the set of annual average interest rates. This is based on the last 12 years with the high and

low year dropped. This information comes from AgriBank, FCB St. Paul, MN. Mr. Haugen also touched on minimal and historical capitalization rates, cost of production index which comes from the Economic Research Service (ERS) of the USDA, change in all ag land values 2020-2021 assessments, and what changes those values such as capitalization rate, cost of production index and crop revenue for both cropland and non-cropland and what changes those values. Mr. Haugen discussed the information sent to the State Tax Department based on county acres reported to NDSU of cropland, non-cropland and Inundated land if applicable and changes over recent years.

Minutes for both the October 21, 2021 and October 28, 2021 were presented. Mr. Shepherd said they would be approved later after questioning the committee if there were any additions, or changes. Minutes were never approved.

Discussion was continued from the Oct 28 meeting on adding a soils modifier to areas that are prone to flooding and what path they should take to get a modifier applied. Mr. Shepherd mentioned that he spoke with Linda Morris at the State Tax Dept., and she agreed a modifier should be applied across the board and Mr. Shepherd mentioned that they need to come up with a percentage to apply. Ms. Willits asked Mr. Shephard who he spoke with in Ward County in regard to the area near the Souris River/Minot that he referenced at the prior meeting, as they do not allow a modifier for this same issue. Ward County uses Land Use modifiers. If tilled to the edge of the water, it is cropland. If not, then it is non-cropland and adjusted with a land use modifier, similar to what we have been doing. Mr. Shephard responded he reviewed a map. Ms. Willits mentioned she spoke to the Grand Forks County Director as they have the Red River as well. Grand Forks County does not use modifiers. They use an Inundated Land application. Mr. Shephard felt other areas were irrelevant and further discussion was held on the percentage of modifier for this area. Mr. Schuster and Mr. Christenson felt a 20% reduction in PI was fair. Mr. Schuster questioned whether or not an overlay could be applied to our GIS mapping system. Ms. Krieg mentioned she had a discussion with LuAnn Kemp, Pembina County Water Resource Board in regards to the modifiers along the river, and whether or not the 2009 flooding could be overlaid on the GIS. Ms. Kemp felt this could be done, but there would more than likely be a cost to the county. Ms. Willits mentioned that another option would be to fill out an Application for Inundated Land. It was also mentioned by Ms. Willits that maybe they should wait to come up with a percentage until they heard what Mr. Duey had to present and that all the soil committee questions were answered that pertained to what they were discussing in regard to elevation and other concerns.

Lance Duey, Assistant State Soil Scientist reviewed flooding and ponding phases as well as the map units that were used when implementing the modifiers to the frequent soils within the Red River Valley corridor. He explained how the phases (frequent and occasional flooding) were applied to certain areas outside the norm. The areas in which modifiers were applied include the Red River, Pembina River, Cart Creek and Tongue River. Mr. Heuchert and Mr. Vivatson questioned whether or not the occasional flooding modifier had actually been applied across the whole county? After checking a little further, it was determined by Mr. Duey that the occasional flooding modifier does not appear to have been reduced across the county at this time, but frequently flooded has.

Mr. Schuster made a motion to apply a 20% reduction modifier to those areas prone to occasional flooding. Mr. Christenson seconded the motion. Roll Call Vote: Bill Gunderson – yes; Curt Christenson – yes; Brad Schuster – yes; Robert Vivatson – yes; Nick Heuchert – yes, but added he was still concerned on how to apply the modifier. Mr. Shephard noted that this motion was just for the percentage. All in favor, motion carried.

Mr. Bakken, Komplex Assessment Solutions was available for questions. Mr. Bakken agreed that the 20% is ok. He also agreed that landowners know their soils better than anyone, and that the soils committee is doing what they need to do to make the proper adjustments. He also noted that the land use is more important than the modifiers themselves. A discussion was held on the formula for pastureland as that is different than the cropland formula with PI. It is based on AUMs and pounds per forgeable material, not PI. Mr. Bakken will construct a one-page checklist to help further assist in streamlining the review process. First identify land use and then down to cropland and whatever is left, etc.

Mr. Shephard brought forth a conversation on the pipeline used as a land use modifier. Mr. Gunderson had contacted the Tax Equalization office on how this modifier was applied. We believe the modifier was created when the pipelines were originally created, but Mr. Gunderson stated that most are now farmed. Mr. Christenson stated they were just an easement. They all agreed that if pipeline is found during review, that it should be cropland and not given the modifier.

Ms. Willits noted that Roy Paton resigned from the soils committee effective today at the County Board of Commission meeting and that they will need to find another individual to replace him. Mr. Shephard assigned the open district to alternate Mr. Heuchert. Mr. Heuchert had concerns on not knowing the district and a time period he may be gone to do the district justice. Mr. Shephard felt they could all pitch in to get District 2 completed and the group will search for a replacement. Mr. Shephard had attended the County Board of Commission meeting earlier in the day to present Reid Christenson's Letter of Resignation as an alternate. The board accepted the resignation. Mr. Shephard presented that Curt Christenson would like to apply for the open alternate position and the County Board approved Mr. Curt Christenson as the new alternate.

Motion was made by Mr. Vivatson to adjourn the meeting. Mr. Heuchert seconded the motion. All in favor, motion carried.

Meeting was adjourned at 4:00 p.m.

Secretary of Tax Equalization

Soils Committee Chairman

