

**RICHLAND COUNTY BOARD OF COMMISSIONERS  
EQUALIZATION MEETING  
JUNE 30, 2017**

The Richland County Board of Commissioners reconvened as the Board of County Equalization on June 30, 2017 at the Richland County Courthouse with Commissioners Sid Berg, Nathan Berseth, Tim Campbell, Rollie Ehlert, and Dan Thompson. Also present were Administration personnel Bailey and DeVal; State's Attorney McBeth; County Assessing Personnel Sandy Fossum, Chris DeVries and Rick Score. A listing of others in attendance is attached.

Fossum stated earlier in June the Commission had directed the Assessors Office to complete the rest of the farm assessments and mail Notices of Increase to affected property owners. 110 notices of increase were mailed - she received 9 phone calls and 1 visit after that. Fossum stated the farm residence exemption continues to be a very controversial issue.

Berseth reported he has spoken with Linda Ledbetter at the State and of the 53 Counties in North Dakota, approximately 10 are implementing - the law is being interpreted differently by Counties and the "intent" of the law is unclear.

The floor was opened to comments/discussion. The main concerns heard were:

- the worksheet being used for farm and non-farm income tests
- passive income/cash rent income/ non-farm income and the intent of the law
- frustrations of local tax preparers

Attorney Janel Fredrickson distributed a handout. The applicable statute is NDCC 57-02-08(15) which was enacted in 1877. The Ag Portion last changed in 1997. The exemption amount was increased from \$30,000 to \$40,000 and hasn't been adjusted since. The statute states -

When exemption is claimed under this subdivision for a residence, the assessor "may" require that the occupant of the residence who it is claimed is a farmer provide to the assessor for the year or years specified a written statement in which it is stated that 50% or more of the net income of that occupant, and spouse if married and both spouses occupy the residence, was, or was not, net income from farming activities.

Fredrickson stated the worksheet is not required by statute and does not allow for explanation or analysis. The interpretation of "farm income" requires some discretion.

Fredrickson asked the Board to consider the following:

- suspend the use of the Worksheet for Farm and Non-Farm income tests and instead inquire if 50% or more of the net income and that of your spouse if you both occupy the residence is derived from farming activities in which you are both directly involved
- that "farm income" should include all farm activities such as
  - a. Schedule F farming income;
  - b. cash rent paid out of a closely held family farm business of which taxpayer is an owner;
  - c. wages paid from a closely held farm business of which taxpayer or spouse is an owner;
  - d. income generated by a closely held farm business of which taxpayer is an owner; and
  - e. income generated by the sales of farm equipment and machinery by the taxpayer

Berseth commented that only a few counties of the 53 are endorsing and it may be better to be told we're wrong later.

Ehlert agreed with Berseth and stated it is a step in the wrong direction if we continue to move forward with this.

Berg stated it is hurting family farms in the County today but if we go to Legislation they may dis-ban the exemption completely.

Thompson stated the Commission has struggled with this for many years - the Board did approve the Worksheet but did not know how it would effect us until today. The Tax Department was doing their job, the state sent out these forms and Richland County has always been on the forefront of issues.

Campbell suggested an AG opinion be requested and that it should be uniform across the state.

Ehlert agreed that the State provides Guidelines so the County does have some discretion.

Following lengthy discussion and comments the following motions were offered:

A motion was made by Ehlert and seconded by Campbell to approve the values as presented. Vote was unanimous.

A motion was made by Ehlert and seconded by Berg to provide notification to the people on the list; and they be given the opportunity to apply using the old form with no verification of income worksheet; and that farm income include all farm activities, such as:

- a. Schedule F farming income;
- b. cash rent paid out of a closely held family farm business of which taxpayer is an owner;
- c. wages paid from a closely held farm business of which taxpayer or spouse is an owner;
- d. income generated by a closely held farm business of which taxpayer is an owner; and
- e. income generated by the sales of farm equipment and machinery by the taxpayer

the deadline to submit will be August 30, 2017.

Voting NO on the motion was Campbell, the remainder voted yes and the motion carried.

Fossum requested that the Board assign Farm Exemptions to another Office effective immediately. As the Tax Director she feels they are not being handled fairly and it is not fair to her or her staff who have worked very hard on farm assessments as directed by the Board earlier in June. She had previously pointed out to the Board that the assessments would require many man-hours to complete and she had asked for assurance that the Board would support her and her staff in administering exemptions according to state statutes.


Thompson asked Fossum to work with the Board, to go by what the applicant checks on the form and use her discretion.

County Assessor Chris DeVries commented that it was unfair to ask Fossum to use her discretion and asked the Board to give her direction. Berseth replied if the applicant checks Farm Exempt and they are not, it's on the applicant.

County Assessor Rick Score invited the Commissioners to come out with him when he is Assessing - he has received complaints regarding the farm exemptions and that it is not fair to non-farmers or individuals that run businesses out of their homes.

Visitor Gail Korth commented that the home office deduction is available to individuals that have a home business; they may be able to deduct expenses for the business use of their home using schedule C. (Form 1040).

The Board of Equalization meeting adjourned at 9:40 AM.

ATTEST:   
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Harris Bailey  
Auditor/Administrator

  
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Nathan Berseth  
CHAIRPERSON  
Board of Richland County Commissioners

County Equalization June 30, 2017

~~Douglas~~  
~~Dallas~~  
Mike Haveland

Brock Wrebe

Janel Fredericksen

Gail Kott

Gary Olson

Jim Wren

Dan Haverland

JAMES ANDERSON

James Biewer

Boa Halvorson

Mark Poyer

~~Andy Fitt~~

~~Ray Selzer~~

Sandy Selzer

Ken Miller

Dan Braaten

Darryl Islich