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Testimony prepared for:

House Finance and Taxation Committee

Prepared January 15, 2021

Paul Fracassi, Director of Equalization

Cass County Government

RE: House Bill No. 1291

Chairman Headland and Committee Members;

Thank you for the opportunity to submit written testimony regarding House Bill No. 1291. The intent of this bill appears earnest at first glance, but after reviewing the bill in detail, I hope to provide you with an explanation as to why I cannot support this bill.

The main concern with the bill is that it has too many assumptions. The first assumption in the bill is that the housing market is perfect. This is demonstrated when the bill limits the market to one sale. As we know, the market is not perfect; a sale can be impacted greatly by the time of year in which a property is listed, the realtor used, or individual buyer/seller motivation. Assessors and Tax Directors are required to value property through a mass appraisal process, which utilizes every sale that happened throughout the year. This bill focuses on only one sale, which is only a sample of the market.

The bill also assumes that the sale price is the sole indicator of value. It's important to remember that the mass appraisal process requires the use of the sales comparison, income, and cost approach to value.

When I read the bill, I feel the intent is for residential property, as it fails to address or understand the complexity of commercial sales, which could have a detrimental impact on the equity of commercial values.

A property owner should have every right to be concerned and bring attention to a situation where their property is valued for more than their purchase price, but it is the job of the Assessor and Tax Director to walk the owner through the process and both demonstrate and support their value. If the value cannot be supported then an adjustment would be warranted.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Fracassi", written over a light blue horizontal line.

Paul Fracassi
Cass County Government, Director of Equalization