

Testimony in opposition HB 1534
Senate Finance and Taxation Committee
March 5, 2025
Paul Houdek, Walsh County Commissioner

Chairman Weber and members of the Senate Finance and Tax Committee, my name is Paul Houdek. I have been a City Assessor for the past 25 years. I am currently the City Assessor for the City of Grafton and a Walsh County Commissioner. **I am here today representing the Walsh County Commission in opposition to HB 1534.**

HB 1534 would have devastating impacts on all small local jurisdictions' ability to pay for existing services. Walsh County has a general fund of six million dollars of which approximately **four million dollars comes from property taxes**. By capping our value increases at 3%, or any number for that matter, you are assuming that our values are increasing by more than that amount, and you are limiting all increases with such a cap. The reality is very different. **58% of the total value in Walsh County is from Ag land. We have not had an ag land value increase in 3 years. So, 58% of our total value has not changed. Commercial and residential values represent 38% of our total value and centrally assessed properties make up 4%. Please review the chart below.**

			Estimated
	2024	2025	2025
<u>Classification</u>	<u>Taxable Valuation</u>	<u>Change</u>	<u>Taxable Valuation</u>
Agricultural	\$38,911,217	0%	\$38,911,217
Commercial	\$6,474,332	+1%	\$6,539,075
Residential	\$18,390,249	+3%	\$18,941,956
Centrally Assessed	\$2,960,569	0%	\$2,960,569
	\$66,736,367		\$67,352,818
Maximum General Fund			
Revenue at 60 mills	\$4,004,182.02		\$4,041,169.07
Difference from previous tax year			\$36,987.05

If you assume a 0% increase in ag land values, a 1% increase in commercial values and a 3% increase in residential values, the results show that we would see our annual revenue increase by only \$37,000 per year. This is about .61% of our total

general fund revenue. This is an unsustainable situation. **Our 2025 budget included a 2% cost of living increase for our staff and a 3 % increase in health insurance. This cost the county a total of \$153,000. As you can see this would not have been possible with these caps in place.**

Currently taxable value represents 4.5% of true and full value for residential property and 5% of true and full value for commercial and agricultural properties. If this bill were to pass, this would no longer be the case. Artificial caps will create equity problems in all classes of property. Based on the numbers in the above chart, the tax burden will artificially be transferred from residential properties to ag properties because the connection between true and full value and taxable value will be broken with these caps in place. Actual residential value changes will likely exceed the cap, while commercial and ag land values will likely not exceed the cap. Over time this will shift the tax burden from residential properties to ag land and commercial.

Please vote DO NOT PASS for HB 1534.

Respectfully submitted,

Paul Houdek
Walsh County Commissioner

