

Chairman Burckhard and Senate Political Subdivisions Committee

From: Katie Paulson, McKenzie County Recorder/Director of Tax Equalization

RE: SB 2293

Chairman Burckhard & committee members,

My name is Katie Paulson and I am the McKenzie County Recorder and Director of Tax Equalization. I am testifying to support SB 2293 in regards to reporting the full consideration price and allowed exemptions on the face of transferring deeds.

As a county recorder, this change would not have much of an impact on how we handle documents that transfer title when presented for recording. The deed would either have a sales price reported or it would be exempt, the biggest change is that there are less reasons to be exempt.

As a Tax Director, this change would greatly increase the data at my fingertips to analyze sale prices to set equalized values in my jurisdiction. When assessors are working to set values, the more information we have the option to include in our sales ratio study, the more we can learn about our assessments and their accuracy. In 2019 I used 166 sales in my overall sales ratio study which included all three classes of property, agricultural, residential, and commercial. Most of these sales were residential sales. We are required to have at least 30 sales to complete a sales ratio study for each class of property, so many years I have to include sales from the previous 3 years in my commercial class in order to reach the minimum. I ran a report and in 2019 there were an additional 272 title transferring transactions that were recorded that reported the allowed exemptions. Had a price been required, this would have increased the amount of information I use to set equalized values by about 60%.

I get frequent complaints from my commercial property owners when we are faced with challenging economic conditions when I have to use sales from previous years that had shown better

economic conditions. This bill gives potential to use the most recent sales to reflect a truer market value and current market conditions.

There are always going to be circumstances the transaction is not a true reflection of market value, and I will decide keep that data out of my analysis. But even the opportunity to make the decision would be welcomed; if half of those transaction could be included in my analysis it will help equalize and set taxable valuations with timely pertinent information. Sometimes Quit Claim Deeds are used to clean up old title issues or there is something that is fixing a missing deed, but normally it is pretty easy to figure that out and code it as a sale that won't be used for my sales ratio study even if there is some sort of price listed on the deed. Same would be true for other types of transactions, a county deed from a tax sale would be another instance where the price was not a reflection of market value. Our county deeds have a reported price, I just code it so that it doesn't come in to my ratio study as it was a forced sale.

There are smaller counties that truly struggle to achieve the 30 sales of each class of property. This may not solve their problem entirely, but it would help close a loophole for reporting prices and increase the amount of data that they can consider. The more information we have to look at, the better picture we will have to make good decisions about what market value looks like in our respective jurisdictions. It will still require diligence to investigate the sales and weigh the information presented, but limiting the allowed reasons it could exempt from reporting is not entirely a bad idea. I see transactions of exempt deeds followed by a mortgage come across my desk pretty frequently, but those are currently sales I am unable to use for equalization because they are exempted from reporting a price on the deed.

Please consider supporting SB 2293 with a **DO PASS** from your committee.

Thank you for your time and consideration.

Katie Paulson McKenzie County Recorder/Director of Tax Equalization