

North Dakota House of Representatives

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Legislative Assembly

Representative Steve Vetter

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Chairman Porter and Energy & Natural Resources,

My name is Steve Vetter representing district 18.

Aside from being a legislator, I am a Real Property Appraiser and I was elected as a board of director on the North Dakota Appraiser Association since my last session. NDAA is an association of about 150 appraisers in North Dakota. One of the goals of the NDAA is to promote public trust for the appraiser profession. This has been a personal goal of mine and an emphasis of the board in the last couple years. With this in mind a series of ideas were discussed to build public trust and help with appraiser shortages. This bill before you today comes from that discussion. The NDAA will have at least three bills that it is endorsing to help with appraisal shortages and build public trust in appraisers.

The bill deals with the disclosure of land sales. Under the sales disclosure exemptions in law, it crosses out an exemption and makes a change to another exemption. Both of these exemptions deal with land sales.

Currently sales of AG land of 80 acres or below are exempt from sales disclosure. In other words, no one knows what land sold for unless it is disclosed by private parties. Imagine if all the sales for house sales were not disclosed. How could one provide accurate statistics for a neighborhood? Because of this lack of sales data, only a small group of people know land sales data in a specific area or neighborhood. There are very few Ag land appraisers in our state and many of them are older with a very limited amount of new younger working in this area. This bill attempts to break up the current club because current law doesn't allow for new entry into this market.

Example: if I wanted to be an AG land appraiser, I, in my case would first need a commercial license. After I'm properly licensed, how would I get any sales data to do a reliable appraisal? How would I be able to help with the appraisal shortage problem. I would ask my competitors to ask for their sales data. How do you think that would go over? Only if they were willing, I would either need to work for them or pay them for the sales data. With a change in the law that HB 1133 provides sales data would be available for new appraisers to break into the market and help with the shortage that has caused issues for people needing to get an AG land appraisal for at least a decade.

The 2nd part of this bill is the exemption for a change in use. Instead of being crossed out it was changed because mineral rights is not an object that we would want to have disclosed as that would serve no purpose. The change of use disclosure is changed because land's change of use are often valuable pieces of sales data. A couple examples would be change of use from developer to builder and change of use from Ag land to single family lots. This would provide valuable sales data on land sales within city limits.

Transferability: As an appraiser you learn that the 4 elements that create value are scarcity, demand, utility and transferability. The ability to or ease of which to transfer property is a factor of how much that property is worth. Not the only factor but one of the factors. For example if a property cannot be financed by a lending institution the value drops significantly because only cash buyers can buy the property and there less of them. A cash buyer will likely expect a discount if the buyer is the seller only option.

I know some farmers don't want the sale of land to be disclosed but that same farmer is going to complain when a sale takes months because the buyer is waiting on financing. What real benefit is there for not disclosing the sales price? We have to do what is right for whole of society not just a select few.

The inability to get a timely and a cost effective agricultural land appraisal in our state has been a big problem for several years. 10 years at least. And so much so that the Bank of North Dakota has formed a department for doing Ag land appraisals and evaluations.

There is a severe shortage of AG land appraisers. This bill goes a long way to help solve that problem by allowing new entry into the market.

Mr Chairman, I would ask for favorable recommendation of a Do Pass recommendation. Thank you and I will stand for questions.