

**Testimony To  
THE INTERIM TAXATION COMMITTEE  
Prepared Wednesday, July 2, 2008 by  
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**REGARDING AGRICULTURAL PROPERTY VALUATION**

Chairman Stenehjem and members of the Taxation Committee, thank you for your request for counties to comment on their efforts to comply with the agricultural property valuation requirement.

The passage of HB1303, detailing the priority of factors to be considered in agricultural land valuation, and setting a deadline for the incorporation of soils data into the valuation process, has prompted significant activity among many counties.

Recognizing that some (and quite possibly many) counties will be found to fall short of the requirements of this legislation, the NDACo Board of Directors authorized our retention of a consultant to create a number of tools to assist counties in their response.

As discussed at the Committee's November meeting, we began by identifying and communicating a list of vendors capable of assisting counties in the development of digitized parcel maps. Since then, working with State and local experts, our consultant has finalized a set of recommended technical data standards for the creation of these maps, and a model request for proposal (RFP) for those seeking outside assistance.

Possibly of greatest importance has been the completion of a guide or manual to aid local officials in putting all the technical and political pieces of this process together. This manual was the result of a joint effort between our office and the State Tax Commissioner, and involved an advisory body of the major farm groups, State and federal technical experts, as well as county and township officials. I believe the final product will be extremely useful, and facilitate implementation with the smallest amount of controversy possible. The Tax Commissioner has assumed responsibility for the manual and its future update, and it is available for download from his website.

Today, we have several county officials here to give you a flavor for the efforts undertaken by counties across the State, and an understanding of the challenges they face in meeting the statutory deadline. While each county is at a different place in the process, has different resources, and may have different technical hurdles; these officials, I am confident, will communicate the seriousness with which counties are taking the deadline and the costs (both in staff time and consultants).

Although not here today, I do want to mention another county that may be somewhat unique in the challenges it faces. Sioux County, you are likely aware, is a checkerboard of taxed and tax-exempt agricultural lands. Roughly 50% of their agricultural acres are taxed – and therefore need to be valued. However, mapping their 3,000 parcels necessitates boundary mapping much of the adjoining tax-exempt property – so their costs are the same as a similarly sized county. Unfortunately, they have less than half of the tax base of a similarly sized county to support the effort.

Sioux County has two staff in the entire courthouse – so an in-house project is out of the question. They have been able to secure a consultant for \$35,000 for mapping, plus \$9,000 to translate the soils, productivity, modifier, and use information into tax values.

A mill in Sioux County is worth \$2,056 dollars. Their consultant has fortunately agreed to receive payment over three years. While they are striving to meet this mandate, as you will hear from our next two testifiers, there is much work to be done. Five percent of Sioux County's State Aid – the HB1303 penalty for non-compliance – is \$13,500. My understanding of the penalty in HB1303 was to encourage compliance, not to punish non-compliance. Invoking this penalty – removing a third of the funds they need for the project – would certainly be counter-productive.

Our Association urges the delay, if not repeal, of the penalty portion of this statute, and requests consideration of State funding to offset the property tax impact of this requirement.