

INTERIM TAXATION COMMITTEE
Testimony of Frank Klein, Cass County Director of Equalization
July 2, 2008

Mr. Chairman, Members of the Committee, for the record, my name is Frank Klein and I am the Director of Equalization for Cass County. In my testimony today, I will address the timeline issues regarding implementation of HB1303, along with a number of other issues.

The question has been raised whether or not Cass County will be able to meet the 2010 deadline for fully implementing provisions of HB1303. I believe that we can meet that deadline, but that the process may become hurried and the results will be less than optimal. I believe that such a deadline will increase implementation costs, valuable input from the agricultural community regarding the revaluation may be curtailed, and a general resentment regarding the entire process may be the result.

Regarding our progress, we have the ownership parcel, soils map layer, and Farm Service Agency (FSA) land use layer loaded into our geographic information system (GIS) mapping application. We are in the process of removing right of way from the ownership record. We have not yet developed any type of soil rating or pricing system. Also, we have not yet developed any guidelines for township assessors regarding equalization and modifier issues. Cass County has 48 organized townships, each with a local assessor.

A survey of the townships indicates that they want local input in the revaluation, including the development process. The township assessors have also expressed an interest in the county providing assistance to local assessors in this process. Time permitting, a soils committee will be formed, comprised of township officials and those

knowledgeable regarding agricultural land. Hopefully, the soil committee will provide valuable recommendations to the county. I'm also hoping that the county will be able to review the preliminary revaluation results with the soils committee before final adoption.

Due to growth, our office spends considerable time on residential and commercial assessments. The office consists of me and an administrative assistant. In order to meet the 2010 deadline, we may need to hire additional staff or contract the revaluation.

Our office has also been researching the technical issues regarding development of the agricultural revaluation. We have been discussing these issues with the State Tax Department, the Association of Counties, the Natural Resources Conservation Service (NRCS) soil scientists, and other county tax directors. In my mind, there are numerous issues that still need to be resolved. I believe that some of these issues will need to be resolved at the county level with township input.

I'm also trying to resolve what the legislature intended regarding the authority and responsibilities of the county and the townships in the implementation of HB1303. The statute indicates that the director of equalization sets the township average value per acre, based on soils. The local assessor determines the relative value of each parcel within the jurisdiction, subject to soil data, approved modifiers and use. HB1303 appears to imply that a countywide soil rating/pricing schedule be developed. The legislation appears silent regarding any remedy if, say, a township deviates from the adopted county pricing schedule, modifier schedule or land use schedule. I'm hoping that the legislature could clarify the role of the county and townships in this equalization process.

HB1303 does not change the overall county valuation. It is our responsibility to administer the agricultural assessment in equitable manner as defined by statute. We also want to carry out HB1303 in a spirit of cooperation with all concerned parties.

I believe that it would be beneficial to allow more time so that the issues can be fully reviewed and discussed, that proper public relations efforts can be made, and that local input can be provided. Hopefully, the result would be a cost effective revaluation program that is accepted by the agricultural community.

This concludes my testimony. I will be happy to try to answer any questions.