

2011 HOUSE FINANCE AND TAXATION

HB 1282

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1282
February 2, 2011
#13847

☐ Conference Committee

Committee Clerk Signature

Mary Bruckner

Explanation or reason for introduction of bill/resolution:

A Bill relating to determination of true and full value of property for property tax assessment purposes; and to provide an effective date.

Minutes:

See attached testimony #1, #2

Representative Kasper: Sponsor. Support. In Fargo I've had constituents and members who live in the northern part of the city talk to me about their assessments on their property. My home is in north Fargo out of the area of the growth of the city similar to properties in south Fargo but the homes in north Fargo like mine are selling at a substantial discount compared to the homes in south Fargo. It's not fair from their perspective and I sort of agree with that. The first part of the bill says that the assessors must consider the location of the residential property in determining market value. Our state law says our assessments should be fair and equal and that is what this bill is getting to. Fair and equal doesn't necessarily mean you go into a computer program and you find similar homes and some homes sold at 20-30% higher and some homes sold at a lower value and therefore, you're going to increase the valuation of those homes to the higher value. The location does matter. A good example would be taking \$150,000 home in the city of Fargo and put it in Kulm, North Dakota; same cost to build but if you could get \$150,000 for that home in a smaller city you would have a very difficult time. This bill is directing that the location has to be a factor in determining assessed valuation. On line 12 we talk about for purpose of arriving at the true and full value of property use for agricultural purposes factors to consider include the schedule of modifiers of the county. I have to admit to you that I don't know what that means. When visiting with John Walstad in drafting the bill he said we need to put this in there and I said fine but I forgot to call him and ask him what that means so that is something the committee may want to investigate as to the impact of the bill. On line 13 true and full value does not include any portion of the value or cost of improvements by special assessment unless the assessor has supporting evidence of an equivalent market value increase as shown by sales of property subject to those special assessments. I remarked yesterday in testimony or on the floor that we have a road in Fargo called 25th street south. We have a school that's been built at about 74th or 78th avenue south called Davis School for \$43-45 million without a vote of our citizens and it is sitting vacant. The road was a gravel road until this year the city decided they were going to run the completed road to that school. Low and behold they send out the special assessments to the property owners along that street. On the east side of the road is my district 46 and on the west side

of the road is not. The people I've talked to said they were just assessed \$80,000 for that road that they didn't want and didn't want the school and didn't get to vote for the school or didn't want the road but it is there. Now I have to pay the bill. My home is worth \$120 or 130,000 and I got an \$80-90,000 special assessment against my home. I venture to say that the \$90,000 or \$80,000 has not increased one penny the value of that piece of property; in fact, I would say it decreased the value. The assessors have got to prove with documentation that any special assessment that they are going to assess an increase a value of that property has got to show it adds value to that property and if it doesn't they can't add it to the assessed valuation of that property. I think it's a fairness issue that the committee can address.

Representative Scot Kelsh: You're saying that homes in north Fargo are being assessed the same as the homes in south Fargo?

Representative Kasper: I've been visited by two or three people who live in north Fargo who have said their home and floor plan is identical to homes being built in south Fargo. But when there are comparable sales in south Fargo which are higher than their values are or have been. Their assessed values are being increased. They say their home isn't increased by that comparable sale in south Fargo but the assessor is coming down and doing it anyway. It may be a quirk of our law that says under equalization of assessment that you have to do those things. What I'm saying and what this bill says is that location does matter. So pay attention to location when putting assessed values and increases in those properties.

Representative Shirley Meyer: Is there ever a vote on special assessments or is that just done?

Representative Kasper: I don't recall ever voting on a special assessment and I've lived in Fargo since 1966.

Representative Bette Grande: We had a special assessment show up and a letter came this summer offering this special assessment and our neighbors and we had a discussion on it as to where was this coming from. When it was brought to the city they did remove the special because they had assessed the wrong neighborhoods. We don't typically get to vote on it you get a notice that you will be paying it.

Representative Steven L. Zaiser: The means by which you vote is based on the percentage of the people in the special assessment district if there is less than 50% of the people that protest the special assessment then it is automatically put on the book. It is a quiet vote and it's assumed it is going to go through unless it is protested out.

Representative Lonny B. Winrich: Is the entire city of Fargo considered to be one assessment district or do they break it up in neighborhoods?

Representative Kasper: It's broken up. As an example of 25th street south most of those assessed dollars for that road, gutter, and curb were assessed in the southern part of the city right along that route. The majority of the tax was right on the properties adjacent to

the street and then they spread it out a little bit in that neighborhood. In the middle to the north side of Fargo had no assessment on that.

Representative Lonny B. Winrich: How is it that homes in north Fargo get lumped together with homes in south Fargo for assessment purposes?

Representative Kasper: In the first part we are talking about market value and not assessment so on line 9 and 10 the relative age and location of the residential property must be considered in determination of the market value or the assessed value; the taxable value. What I'm suggesting is that an exact home in north Fargo compared to that same exact home in south Fargo has different values because of their location. This bill is directing the assessor to consider the location when they are putting their assessed valuation for tax purposes on those properties. It doesn't say that if the location is different they must assess it differently; it could be that it ends up being exactly the same. It says look at the location when you're making the assessment for the market and taxable value.

Representative Lonny B. Winrich: I understand that but it's an assessment process.

Representative Kasper: The assessor goes out and makes those determinations. We have some pretty remarkable computer programs and you look at a property and can find a similar property in all the locations in the city. They could say, "Let's find the highest property we've assessed or the sale that's occurred the most recently and that sale was up here and because these other properties are here we are going to bring them up automatically regardless of location." I'm saying location does count and should be considered.

Representative Lonny B. Winrich: I don't see how it's regardless of location if you have different assessment districts for this assessment process.

Representative Kasper: Let's get away from the assessment; I'm talking about the market value of the property.

Representative Lonny B. Winrich: But that is determined by the assessor, true and full value.

Representative Kasper: Absolutely correct. But there are two parts to this bill; what the assessments do like the curb and gutter do to the value of the property (specials) and the other part is the location of the property to determine market value. They are two different entities. Specials may or may not be a part of that equation but the location for the market value is different than the special assessments for that property where it's located.

Representative Lonny B. Winrich: Market value is a very imprecise term. I don't know of any precise way to determine that. The assessors determine true and full value and that is based on comparable sales.

Representative Kasper: That's exactly what I said. I say the location could be that a comparable sale in south Fargo and with the value of the home you could get more for that than in north Fargo.

Representative Scot Kelsh: A comparable sale in north Fargo is not actually a comparable sale in south Fargo because the assessor takes into account the location. A home next to the water treatment plant or the sewage treatment plant in north Fargo is going to have a lower value or if it's within the noise of the airport or wherever.

Representative Kasper: That's exactly what I'm saying. In putting it in statute you have to consider location.

Representative Wayne Trottier: Has the tax department or city treasurer been approached on this?

Representative Kasper: No. I'm sure if they don't like the bill they will come up here and tell you why.

Representative Lonny B. Winrich: How many appeals of the assessed value have been made to the local appeals board?

Representative Kasper: I did not have the time and go down to be at the appeals meeting but if there is someone here who could assist. When I did go a few years ago I think there were about 30-40 people in the room. We certainly could contact the auditor's office or the assessor's office in Fargo and find that out.

John Olson, City of Fargo: Opposition. Please refer to attached testimony #1 from Ben Hushka, City Assessor for Fargo. Bottom line is that all factors and characteristics of property are considered in the special assessments.

Representative Steven L. Zaiser: Was Mr. Hushka saying that if you don't include one aspect of assessment determining true and full value should include them all or just leave it as is?

John Olson: That's the point. The bill is kind of confusing to him because it draws attention and emphasizes several factors when in fact they consider a broad range of factors in arriving at the assessments. I think from my own experience with assessments and special assessments I shouldn't be using the term special here because it is not special assessments this is another subject.

Representative Curt Kreun: Opposition. In 1282 if you take a look at the first portion of it that is an ongoing process that the appraisal process is used when you buy a home or when the assessor does it. One of the issues is location, condition, cost, etc. I think in the process it is already being taken care of, they do it almost every day at least in our particular situation. I don't think one item should be singled out and utilized. If you're going to do it you have to include them all. The other issue is true and full value. We're getting tax mixed up with special assessment costs. The value or cost of improvements and special assessments are two different things. Sometimes the cost of water, sewer, and streets are paid by the developer and sometimes they are special assessed by the city. In the case where the developer installs the improvements he then includes that costs in the price of the sale of the lot which is included in the value of the home. In the case where

those improvements are ordered by the city they are special assessed to each parcel and the owner can choose to pay them in full or over a number of years. Special assessments are simply a method of paying for the improvements. This could create an inequity in the way the cost of water and sewer and streets are treated in the assessment process. The assessor in the major cities wouldn't really have trouble with determining the cost between the improvements and the equivalent of the special assessment but some of the smaller cities would have that problem. The process for special assessments is put out by either a request from the developer or the citizens. They come to the city and take a look at the planning department and what is out there and the roads and streets and water and sewer should go. An informational meeting is put out there and an open house is put out and the design and all the people in that area are sent the letter and a follow up letter to make sure that they have the information that could affect them. They come to the meeting or the open house and see the project and if they have concerns we give them a list and they list their concerns and we go back and talk to those individuals. Information is given and if the project looks good and comes through and people want it we put it on a special assessment district which is designed as a special assessment district so those people within the district will be special assessed for that street, road, or whatever it might be. If the project goes through the portion that can't be voted out is water and sewer as by state law. The streets have the ability to be protested out and those people are given that opportunity to vote that down. I've sat through many of the hearings and that is why I'm here today. I represent a large portion of Grand Forks within the city limits. I feel that it's necessary to keep that process and not just go through and arbitrarily make some decisions because the citizens are very directly involved in this process. I think if they are paying attention information is sent to their door several times to get that. It is publicized in our publications and we televise our council meetings and committee meetings, and we put it on our website. All that information is put together for that particular project. We have a rotation in our community where they physically go to the homes if the people will let you in and assess those homes about once every seven years. The rotation is drawn up in quadrants and the assessor goes through the city each time so it's not just a computer program we look at. It's a lengthy and ongoing process that takes place and it's not always exact. The appeal process comes through if the individual wants to appeal the value of his home. We've only had two or three appeals within the last few years. We listen to the individual and the assessor goes back out to their property then it goes back to the equalization board for determination. If we follow the process that is put in place it doesn't work too badly.

Vice Chairman Craig Headland: You mentioned the citizens that live in the district that has been assessed have the ability to come in and protest it. What happens when they do that and who pays for the streets?

Representative Kreun: Usually if the protest will come through we won't do the project.

Vice Chairman Craig Headland: So they have the opportunity to protest before it takes place?

Representative Kreun: That is correct. Even though they have the ability we have the ability to go ahead and put in water and sewer if we want. We give the citizens the opportunity to take a look at it and protest it out prior to the construction or the start of the

project. If they protest the streets out for that purpose most of the time you aren't going to put the water and sewer in and not be able to put the streets in. The project usually does not apply.

Chairman Wesley R. Belter: I believe this project in Fargo where these people got this huge assessment and I think they did protest but I believe because the developer owns a lot more property than the few number of residents there they got out voted by the developer and consequently those property holders end up with a huge assessment.

Representative Kreun: That is correct. The vast majority over 51% have the ruling of that property. Also, that individual has to pay those specials as well.

Chairman Wesley R. Belter: Those people that got these huge assessments I would assume their homes have become worth a lot less money because all of a sudden you have a \$150,000 home that has a \$60-80,000 assessment put on it. I don't think anybody would be interested in purchasing that home believing the value of that property has gone up because there is a new street in front.

Representative Kreun: From my experience we've had a couple of those instances and maybe not to that extent but those are large lots that those individuals were living on and the front footage is huge the way I understand it. In most cases over a period of time the betterment of the roads and streets and water and sewer overall enhance the property. I was on the buyout process and chaired the appeals processes of everybody who didn't feel they were adequately paid. In most cases they were worried that the levy in their backyard or close to their property would devalue their property and we had to pay for that through some special assessments and some of it was taxes and some by the state. In the end the value of that property is worth more now than it was prior to that dike there. We sold a house for more than when we bought it because of the levy and it was becoming an amenity. That's a levy system, it is not apples to apples but when you make improvements in the end it does help the value of the property.

Representative Bette Grande: I'm not sure if you're here speaking on behalf of a representative or a city council member but Grand Forks probably does it different than Fargo because what we're dealing with in Representative Kasper's scenario was how they did the assessment they said you live in what will be the new school district and that's why they ended up getting the assessment. It wasn't that the road helped them at all because the road was a few miles down the street. They didn't fix the road in front nor where they were, it was a few miles down the street where that road was put in supposedly to help the school district but it devalued it because it increased the traffic at those houses. This makes it a little less safe for your children in that area. That being said the assessment I referred to was all under the idea of flood control issues and they were putting in a walking bridge a ways away. If we wouldn't have been watching in the newspapers we probably wouldn't have known to go protest because we only received one letter to our house. So notification in Grand Forks is not the way it is done in these areas. Just so we're clear on how special assessments are working especially in Fargo.

Representative Patrick Hatlestad: If you take a look at the bill on pages 9 and 10, lines 9 and 10 you indicate you already include that information there, correct? Does this bill then in any way stop you from including all the other things you do?

Representative Kreun: No. But if you single out one issue eventually that will become the issue and that will become the determining factor and you won't look at the other because that's in law. If you put them all in there and how a piece of property is assessed and how they all have to be looked at in law I guess that would be okay but to single out one item then that becomes the item that everybody looks to and that becomes the only factor that will determine the value of the property.

Representative Dave Weiler: Your real problem is with line 13, 14, 15, and 16. I would assume that is the bigger issue for you. Time after time agencies come in to committee meetings with a bill to change how they do something and it turns out they have been doing that for 18 months but they just want to change the law to reflect what they are currently doing. When you say that they already include the age and location that is what this bill is doing, it is putting into law something they are already doing which I don't see as a problem. I also don't believe these two things, age and location, will become the determining factors. They can't become the determining factors because they are a very minor part of the whole equation. I understand your concern with lines 13-16 I just wanted to make that point.

Representative Kreun: I appreciate that, thank you.

Representative Steven L. Zaiser: How would you feel if we were to amend this bill and include all of those items that are considered in the development of true and full value?

Representative Kreun: I personally probably wouldn't have a problem with that but I would want to go back to the assessor and see if there are any concerns that would help or hinder that process. I'm here because I am a representative but I'm here representing the citizens of Grand Forks in the process that we go through because we spend an extreme amount of time and effort to get that information to these people and do it in a very open manner. I'm sorry if it doesn't work in some other areas but our process doesn't work too bad as there are a couple other residents here from Grand Forks that would probably attest to that. Is it perfect, no. Are there mistakes made, yes. Can they be corrected, yes they can be corrected.

Kevin Ternes, City Assessor in Minot: Neutral testimony. Please refer to attached testimony #2. The individual who calls and complains about the value of their home is going to key in on two things; the age of the home and the location of the home. They say the age of my home is older than the one over there and you still have us at the same value and that is going to be constant source of discussion because in their mind that is basically what we're supposed to consider, not all these other things we consider. I'm not here to speak for Ben Hushka but I will. I am convinced he does not compare a split foyer 1,400 square foot home in north Fargo at the same level of sales that he does on the south side. That does not happen. This bill would lead someone to think that age and location are the major considerations when it's just part of all the factors we have to consider.

Representative Dave Weiler: In the list of things that the assessors consider, is that in a hand written book or where is that?

Kevin Ternes: The textbook is our standard will list all those things we are supposed to consider.

Representative Dave Weiler: So when a new assessor comes on board and when they are being trained those are the things they are told to consider, is that correct?

Kevin Ternes: Absolutely. They have to be certified to do their job. They have to take the appropriate classes that the state tax department demands they take. If there is somebody out there who is not following these rules we want to know about it because we will take them to the wood shed. They are trained in the valuation of the assessment. There are a lot of part-time assessors who don't have to have all the training that a full time tax director has and if there are issues out there we need to address them.

Representative Dave Weiler: My point is when they are brought in and this is how they are trained that they are supposed to take these 12 items into account then I don't see how they can deviate from that and I don't see the harm in putting this into law because they are instructed what to take into account. If age and location are one of them then they are already doing it. There are obviously some areas where they are not doing it and that's what this law is attempting to change. I don't share your concern that these are going to be the only two things that they ever consider in the future because they are trained to take into consideration those 12 things.

Representative Glen Froseth: I know in our town I think it is 10% of the costs of special assessments are spread over the entire city as a whole. Is that the normal for the larger cities also?

Kevin Ternes: I would hesitate to answer regarding special assessments because in Minot the assessor's office doesn't handle those. I believe that is the case and that's how we handle our streets.

Representative Scot Kelsh: I'm trying to think of an analogy would be to write into the century code telling an emergency room doctor out of the 12 things that may cause a person trouble breathing you have to consider these two things maybe asthma or choking or heart attack, it could be a number of things. But we are writing in the century code that these are the two things that must be considered in addition to everything else that position has been trained to do.

Kevin Ternes: I don't want you to be under the impression that there are just 12 things. There's everything that has an effect on value. I'm here to tell you if both of your neighbors paint their houses purple and put giraffes on the roof we're probably going to have to come out and take a look at your house and say we've got a problem because now you've got what we call economic obsolescence. The things that are going on around you are affecting the immediate value of your house. The sky is the limit on what we really have to consider.

Representative Lonny B. Winrich: In the appraisal process do you have specific areas of Minot that you treat differently or is the city just one area you look at various neighborhoods or how does that work?

Kevin Ternes: We are trained to look at neighborhoods. Location is a very important factor; we're not saying that is not important. But how do you put that in front of all the other factors? That's a policy decision you will have to make. In Minot we have 30 different map factors. We have 30 different neighborhoods. Approximately of the 53 counties we have I would say probably half of them would be computerized or are computerized or will be in the next few years and the software they are buying specifically uses map factors. They are trained to include map factors as part of the selling. There's no way we are going to be comparing homes selling in north Minot at the same level in south Minot if they're not comparable. You've already made us determine that when you make us put a site value for the land itself on the assessment.

Representative Lonny B. Winrich: You referenced a handbook. What was that?

Kevin Ternes: The assessor textbook is the International Association of Assessing Officers. They have numerous publications. I'm sure the tax department can give you a list of them.

Vice Chairman Craig Headland: I think the consternation of this bill is at the bottom portion where it talks about special assessments and I guess I'm wondering if there are specific rules as to what can be specially assessed and would it help if the legislature spelled out specifically and define what can be special assessed?

Kevin Ternes: I don't think I'm the person to answer that question. When it comes to the special assessment I can answer the question as it relates to your true and full value and I can tell you that the cost of a special assessment whether it be for light district, paving, water and sewer, etc. is only to be considered by the assessor if it affected the market value of the homes. I know there are things that can't be specially assessed.

Representative Lonny B. Winrich: Mr. Ternes referenced the fact that if there was an assessor that wasn't doing the right job you had authority to deal with that. If you had evidence that assessments were not properly considering the location of the property or something what could you do?

Marcy Dickerson, State Supervisor of Assessments: At the present time we have no authority to fire that assessor. We certainly would encourage the tax director to monitor that assessor. The county has the opportunity to override assessments made by a city or a township. The proper procedure for a city or township that employs a person who is not doing the job to either make them do their job correctly or have someone else review the assessments and correct them. If that didn't take place then it could be brought before the county. If things were still not the way they should be they could come before the state board of equalization. There is a bill that has been introduced that does give the state board of equalization and the tax commissioner some more teeth to deal with any assessor or any official who is not performing their duties properly. It's not a big whip or anything but

it gives them a little more power than what they have now. In some of the more rural areas especially there is kind of a lack of oversight in some of the assessment areas.

Chairman Wesley R. Belter: No further testimony. Closed hearing on HB 1282.

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1282
February 7, 2011
#14156

☐ Conference Committee

Committee Clerk Signature

Mary Bricker

Explanation or reason for introduction of bill/resolution:

A Bill relating to determination of true and full value of property for property tax assessment purposes; and to provide an effective date.

Minutes:

No attachments.

Vice Chairman Craig Headland: I will move a DO NOT PASS.

Representative Wayne Trottier: Seconded.

A roll call vote was taken: YES 13 NO 0 ABSENT 1
MOTION CARRIED---DO NOT PASS.

Representative Steven L. Zaiser will carry HB 1282.

Date: 2-7-11
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1282

House Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☒ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Headland Seconded By Rep. Trottier

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	✓		Scot Kelsh	AB	
Vice Chair. Craig Headland	✓		Shirley Meyer	✓	
Glen Froseth	✓		Lonny B. Winrich	✓	
Bette Grande	✓		Steven L. Zaiser	✓	
Patrick Hatlestad	✓				
Mark S. Owens	✓				
Roscoe Streyle	✓				
Wayne Trottier	✓				
Dave Weiler	✓				
Dwight Wrangham	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Zaiser

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1282: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **DO NOT PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1282 was placed on the Eleventh order on the calendar.

2011 TESTIMONY

HB 1282

Testimony # 1

**Written Testimony on House Bill 1282
House Finance and Taxation Committee
Chairman, Honorable Representative Wesley Belter
by Ben Hushka, Fargo Assessor
February 2, 2011**

Mr. Chairman and members of the House Finance and Taxation Committee, my name is Ben Hushka. I am the City Assessor for Fargo.

The official position taken by the Fargo City Commission is to oppose this bill.

The bill calls for considerations assessors must make in the definition and determination of true and full value. Specifically, the considerations include property characteristics that comprise only a fraction of the physical and functional distinctiveness that contributes to a property's overall value.

By accepted appraisal standards and practice, appraisers and assessors include in their opinions of value only the value of property features and characteristics that contribute to the overall value of the property. That is determined by a systematic process of gathering and analyzing sales transaction data. This bill only seems to address consideration of the characteristics of age, location, and in-ground improvements and services to a site. Additionally, the in-ground improvements and services are only to be considered, or considered differently, based on the method by which they were financed.

The fact of the matter is that all property characteristics are considered as to their contribution to the total property now. The additional language that this bill adds to existing statute serves only to confuse or restrict the definition of true and full value.

This concludes my testimony. Thank you for your consideration.

Testimony to the House Finance & Taxation Committee,

Chairman Wesley R. Belter

2/2/2011

Kevin Ternes, City Assessor

City of Minot

kevin.ternes@minotnd.org

Testimony #2
p. 1

House Bill 1282

Mr. Chairman, for the record my name is Kevin Ternes and I am the City Assessor in Minot.

If I could I'd like to give neutral testimony on this bill. Regarding the reference in this bill to *"the relative age and location of residential property as a consideration in the market value."* These are actually, considerations we already give. Appraisers in the assessment field consider all of the following major factors below as do private appraisers when they come out and do an appraisal for bank financing or other various reasons an appraisal may be done. In fact, many assessors are state licensed appraisers also so we follow all the rules relative to mass appraisal of large quantities of properties our license requires. The following are the other major factors considered in the appraisal of property for assessment purposes and for that matter considered by all appraisers.

Sales or Financing Concessions: For example, any financing points the Seller may have paid.

Date of the sale, we consider the market trend as it relates to the age of the sales

Location

Site

Design and Appeal of the building/home

Quality of Construction

Chronological Age of the home, and the effective age of the home.

There is a difference, for instance a 100 year old home will have a newer effective age than its actual age if the home has been renovated and updated.

Additional factors considered by all appraisers:

Condition of the home/building

Above Ground square footage, bedrooms, bathrooms

Level of Basement finish and below ground square footage

Functional Utility, to include floor plans,

Type of Heat System/ and does the building/home have Air Conditioning

Energy Efficient heat sources are considered: However, we are not seeing a large market value contribution of these features as of yet.

Garages/carports

Porches, Decks, Fireplaces,

Pools are considered however, we don't find they contribute much value in ND even though the cost of installation is quite significant.

With all of these factors that we consider in estimating the market value of a property to arrive at the True and Full Valuation for assessment purposes, why would we only be giving special attention in statute to the age and location of residential properties when several of the above factors can also be significant factors in market value. Acting as positives or negatives.

I have about 10 examples of homes that sold and resold within a year for 20 to 50% more than the prior sale. The location didn't change, the age didn't change.....but the condition changed dramatically. Yet condition of a residential property is not specifically listed in this bill. I'm wondering if this bill's goal is to define True and Full Value in more detail in state statute, maybe all the factors that affect market value of residential property should be listed so everyone knows what the considerations are in determining market value rather than just a couple of considerations?

This bill could lead someone to think that age and location are the major considerations the assessor should consider and that these two factors should override all the other factors when it's actually only just a part of what we must consider to get to an accurate estimate of market value.

Regarding the reference in this bill to special assessments.

Some developers use special assessments in Minot for street development in new areas where as others go to the bank, and finance their own project. With all things being equal, the True and Full assessment should be similar for the lot that is sold at one price but assumes specials and the lot that was sold by a developer who has no specials because he already built the cost of the street project in his selling price of the lot. So if there are two adjoining subdivisions that are similar in location obviously and size and frontage etc. those lots should be assessed for property tax purposes at a very similar price. The lot that sold for \$40,000 with no specials, and the lot that sold for \$28,000 with specials owing for paving for example should be assessed at \$40,000 also if that is what these lots sell for when specials are paid.

Testimony #2
p. 2