



Monday, January 18, 2021

HB 1291 (1/19/2021 Hearing - 10:00 AM)

Dear Chairman Headland and Honorable Members of the House Finance and Taxation Committee,

Thank you for the opportunity to submit written testimony regarding House Bill No. 1291. After reviewing the bill in detail, the following is an explanation as to why I cannot support this bill. As assessors, we utilize a Mass Appraisal Methodology.

### **Overview of Mass Appraisal**

The ND legislature (in 2015) required all property assessors to become certified either as Class 2 or Class 1 assessors in the State of North Dakota. The governing body for the majority of the certification training is the International Association of Assessing Officers (IAAO) that provides certification classes, textbooks, and validates all assessors are certified.

Mass Appraisal techniques are used for assessing numerous properties equitably. The following comes from the "Fundamentals of Mass Appraisal" textbook used by IAAO for the class on Mass Appraisal:

Page 5 – "The central idea of mass appraisal is the development of appraisal models that are then applied to groups of properties in a cadastral database, to produce estimates of the value of all properties in the group."

Pages 395 – 396 – "The reliability of ratio study statistics depends on unsold properties being appraised in the same manner as sold properties. Selective reappraisal of sold properties **distorts sales ratio results**, possibly rendering them useless. Equally important, selective reappraisal of sold properties (sales chasing) is a **serious violation of basic appraisal uniformity and is highly unprofessional**. Oversight agencies should be vigilant to detect the practice if it occurs and take any necessary corrective actions."(emphasis added)

For example: You have several homes in a neighborhood that are similar. A home sells for under the true and full value – do you lower all homes based off of one sale or do you just lower the one that sold? As the current bill reads, the assessor would just lower the one that sold. Then we have another sale that was above our true and full value – how do we keep properties equalized? This bill would compromise the equity of our values.

Passing this bill in its current form will violate existing assessing mass appraisal standards and best business practices for equalization between equivalent properties. Therefore I advise a ***\*DO NOT PASS\**** for HB 1291.

Sincerely,

***Lori Hanson***  
***Mountrail County Director of Tax Equalization***