



**Testimony on SB 2326**  
**Presented to the Senate Finance and Taxation Committee**  
**Prepared by Nick Lee, West Fargo City Assessor**  
**Wednesday, Feb. 3, 2021**

1 Representative Bell and committee members: I am writing to express my  
2 opposition to SB 2326, which relates to a property tax reduction for over-assessed  
3 property; and to provide an effective date. This bill does not take into account that  
4 markets can change significantly between when the assessed value is set (based on  
5 prior year's sales) and when a property sells.

6 True and full values for calculating property taxes are determined based on sales  
7 from the previous year. In an increasing market, the true and full values from the  
8 previous year will likely be less than what properties are selling at in the current market.  
9 In a declining market, the values will likely be more than what properties are selling at in  
10 the current market. If this bill passes, in a declining market a majority of sales could then  
11 receive a special reduction because they sold in that year. However, this is unfair to  
12 other property owners who are also experiencing a declining value but do not receive  
13 the benefit because they did not sell.

14 In the current system, equalization is our primary focus and we have the ability to  
15 adjust for a declining market in an equitable manner. In a declining market, after all the  
16 sales are gathered for the year we reduce the values across the board as appropriate.  
17 Everyone receives equitable treatment in that year, and everyone receives a  
18 correction based on the reduced sales for the next year. This process allows us to treat  
19 all property owners equitably; regardless of if the property was sold in that year.

20 North Dakota has an abatement process that further allows residents to address  
21 their home values. Properties that sell for less than the assessed value, or any property  
22 that feels their assessment is overstated, have the ability to file an abatement and have  
23 their value potentially corrected for up to two years in the past. Just as proposed in this  
24 bill, they have to provide documentation that this is an arm's length sale. However,

25 instead of the assessor deciding what an arm's length sale is, the current abatement  
26 process puts the decision in the hands of our elected representatives to make the  
27 choices.

28 This bill also does not account for situations where the home seller moves out of  
29 the local tax entity, or state.

30 For these reasons, I ask for a DO NOT PASS recommendation on SB 2326.