

Senate Finance and Taxation
Chairman Jessica Bell
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SB 2326

Chairman Bell and Members of the Senate Finance and Taxation Committee, my name is David Lakefield and I am the Finance Director for the City of Minot. I would like to thank you for your time to address this bill this morning.

The City of Minot is opposed to Senate Bill 2326. There are a number of unintended consequences that arise when you adjust the tax liability for some properties but not others. An adjustment based on a single transaction with no consideration of other factors that are equally important in determining market value is a rush to judgement.

First, someone is going to have to make the determination that a particular sale is actually an arm's length transaction. That determination may not be obvious in every transaction and will require resources.

There are also several factors that can affect sales price that are not readily apparent from looking at a closing document. Someone may need to sell the property quickly and willing to accept a lower price in exchange for a quick closing. Someone else may sell without an agent, so the seller is willing to accept a lower price due to the lack of broker fees.

Please keep in mind that the assessed values are set by February of the taxable year and market fluctuations can vary greatly by the end of the year.

If a property were to sell for more than the assessed value, would there be any retroactive adjustment to the assessed value? If not, this would create additional inequities in the system.

The Assessors in North Dakota have been tasked with fairly and equitably determining the value of taxable property in our state. They are directed to be within 90-100% of market value across the tax base. This does not mean that they will be exact on each and every property but they should be close with the bias being to the lower side of 100%.

There are a number of processes that are already in place to allow property owners the ability to challenge the assessed value of their property and there is currently an adjustment process that can be utilized to correct cases where the assessed value does not match the market value of the property.

Thank you for your time today. I would urge you to give SB 2326 a “do not pass” recommendation.