

Testimony Presented on HB 1534 to the  
Senate Finance and Taxation Committee  
Senator Mark Weber, Chairman

Michael Splonskowski, City Assessor  
City of Fargo

March 4, 2025

Mr. Chairman and Members of the Committee,

I am writing in opposition to House Bill 1534, which would impose caps on increases in the valuation of taxable property. While this option may solve short-term problems, long-term results would lead to inequity in valuation and taxation that unfairly shifts the property tax burden. In the past, property value caps were imposed in other states, and later removed because of this very reason and unintended consequences.

Mass appraisal is the process assessors use to value properties. We value multiple properties that fit into a certain class, determined by factors specific to each property. Year over year, each class may sell at different rates, depending on market activity. Two-story homes may sell ten percent above the previous year, while one-story homes sell three percent above the previous year. With a cap in place, the one-story homes would be at full value for taxation, but the two-story homes would be seven percent lower than market, thereby shifting more of the property tax burden to the one-story homeowners, who are being taxed at full value, while two-story homes are not. This is only one scenario to demonstrate the potential inequity that emerges.

For the City of Fargo, the median home price of single-family homes has increased 58% since 2013, due to strong growth and sales in the market. If value caps had been in place for that amount of time, the rate of assessment appreciation would have been artificially capped at half of the market value. Given this scenario, a house that was worth \$100,000 in 2013 would have an assessed value of \$134,400 in 2023 but have a market value of \$173,600. This means the house would have a taxable value of \$6,048, when it should have a taxable value of \$7,810.

Market	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
		5.39%	14.15%	6.11%	-1.06%	1.62%	3.04%	4.27%	11.07%	12.70%	0.55%
True & Full	100,000	105,390	120,303	127,653	126,300	128,346	132,248	137,895	153,160	172,611	173,560
<b>Taxable</b>	4,500	4,743	5,414	5,744	5,684	5,776	5,951	6,205	6,892	7,767	<b>7,810</b>
Capped	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
True & Full	100,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477	134,392
<b>Taxable</b>	4,500	4,635	4,774	4,917	5,065	5,217	5,373	5,534	5,700	5,871	<b>6,048</b>

While the taxable value doesn't change in large swings under a cap, the taxes still increase as government needs increase the budgetary demands. Keeping the taxable value low does not insulate the taxpayer but shifts the burden unfairly and leads to instances of winners and losers, depending on who is paying more or less than their fair share.

I encourage a vote of Do Not Pass on HB1534, due to the long-term negative effects, inequities and any unintended consequences that may arise from its passage.