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To: The Senate Committee on Agriculture, Revenue and Financial Institutions
From: Sen. Dan Feyen
Re: Senate Bill 13

Mr. Chair, members of the committee, thank you for holding this hearing today.

This legislation is a common-sense reform to save municipalities money. This issue was brought to our attention by the assessor in one of our townships.

Each year, the Department of Revenue determines the assessed value for an acre of agricultural land. Currently, municipalities are then required to send out a Notice of Changed Assessment to each property owner whose parcel has a change in value, whether an increase or a decrease. This process often means that after the cost of postage, envelopes, ink, paper, printing, processing time, etc., municipalities are losing money in order to notify agricultural land owners of a small change in their land value.

As an example from the Town of Calumet, if a parcel changes in value by \$100, that creates an increase in local tax of 18 cents. However, in order to send a notice regarding this change, the municipality spends 50 cents on postage, 7 cents on an envelope, 2 cents on ink, 1 cent on paper, and 24 cents on staff time to process and mail the notice for a total cost of 84 cents. Therefore, the municipality is losing 66 cents, even with an increase in tax revenue! Furthermore, if the value of an acre decreases, the municipality is losing even more taxpayer money to comply with a state law.

This bill states that a municipality is not required to send out a Notice of Changed Assessment to agricultural land owners if the value of their parcel has not changed by \$300 or more. This change saves municipalities money while ensuring that if a significant change occurs, land owners will still be properly notified. This proposal has been reviewed by the Farm Bureau and the Department of Revenue.

We are offering one amendment today as the new DOR administration had a different technical interpretation of the draft. The amendment clarifies our original intent with language the department requested. I am happy to share the technical memorandum.

Thank you for your time today. I welcome any questions you may have.