

Co-Chairs _____ and members of the Committee. opportunity to speak before you today. My name is Douglas Schmidt and I am not testify today as part of the Assessors Association, but only as the Polk County Assessor.

I apologize to the committee for not testifying at the Agriculture and Natural Resources sub-committee where I could have expressed my concerns earlier. I am here today to testify against HB 3626. This bill would allow a taxpayer in a Non-ExclusiveFarmUse zoned area to qualify for Farm Use Special Assessment if they intend to farm their property. With this bill, in order to qualify, they will only need to prepare and file a "plan for investments" relating to the property.

I believe this bill will cause more work for my staff and more cost for my office. We will need to track the progress of the investments (Section 2 (2)(a) process and timelines) which could require reporting by the taxpayer. We will need to physically check and verify that the necessary investments have been made each year (Section 2 (2)(a) & (b) process and timelines and amounts and types). **As a note, inspections and investment tracking are necessary in the case of disqualification.** So, this means more staff time needed to check on property not even being farmed, when my staff is barely able to complete compliance checks on property that may actually be farmed but is in question.

If a taxpayer has prepared a "plan for investment" that I believe does not meet the requirements set out by rule, my office will have to defend our decision in court if the denial is appealed. If I disqualify a property for failure to implement the plan but the taxpayer believes they have implemented the plan, my office will have to defend our decision in court.

The legislature has identified in statute very minimal income requirements for a property in a Non-EFU zone to qualify for special assessment. The structure the legislature put in place many years ago has worked well with a minimal amount of up front work needed by my staff. The taxpayer just doesn't receive the deferral benefit immediately. I ask that those statutes and rules be left as they are. There are a lot of investments we make without seeing an immediate return or benefit.

If the committee proceeds with this bill, I would ask that you look at some of the sections for clarification. First, there may be some confusion in the bill as to when the special assessment is to start. Section 2 (1) states "in farm use for less than five years and does not qualify for farm use special assessment..." and then further in that same paragraph, it states "within the first five years that the farm unit is used exclusively for farm use." Would this mean the property has the five years after the "plan for investment" has been filed in order to meet the 3 out of 5 years of income?

The second area is Section 2(1) where it says "person...has presented a plan for investment...)(lines 11 & 12) compared to Section 4(1)(b) where it says "If the investments...have been met."(lines 34 & 35). These Sections appear to be in conflict with each other. One says presented and the other says met.

Third, is it the intent of the bill to allow a taxpayer who has been disqualified either because their plan was not implemented or because they failed to meet the income test, to turn right around and requalify by submitting a new plan. Section 6 dealing with disqualification would appear to leave this open. The only mention of properties under a plan is when they requalify while under abatement.

Under the old statutes, the taxpayer needed to prove use and income prior to requalifying. Now, it appears they can just file a new plan and be qualified.

Thank you for letting me testify today.