

FRANKLIN COUNTY ASSESSOR'S OFFICE  
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April 17, 2017

Tax Equalization Review Commission  
Nancy J Salmon, Chairperson

Dear Commissioner Salmon:

Please consider this statement for Franklin County. In the early 1990's as you know, land was valued according to income. When commodity prices went up, there were complaints about how land was valued. Sales were then used to value ag land and now land prices went sky high and there are complaints again. There is not a perfect way to value ag land. I do know that you can value ag land by just simply setting the value at what you think would be a good value or you can go by sales which is now in statute to be 75% of market. It cannot be both at the same time.

Land value in Franklin County went up 15% in 2012. The next year in 2013, land value in Franklin County went up 31%. Following those amounts of increase, it was still not enough to get the value in the acceptable range. In 2014, the dryland in Franklin County went up 72%; and even with that amount of increase it was still not high enough to be within the acceptable range of 69% to 75%. One year ago, the borrowing of additional sales from surrounding counties started and more sales were included than Franklin County had within the County. Franklin County had 32 sales occur within the study period while more sales were borrowed. In my opinion, when establishing values for Franklin County using more borrowed sales than has occurred in Franklin County alone, the sales no longer represents the market for Franklin County. The weight is placed on the borrowed sales of the surrounding counties, and therefore, represents the value or market of the surrounding counties and not Franklin County. Again, this year we were asked to borrow all of the sales 12 miles out from Franklin County east and west. That was a total of 49 borrowed sales. Now, after March 19, we have 45 borrowed sales in the sales file. Franklin County, in 2017, had 30 sales by itself. This world is not perfect and the value may look perfect on paper gradually declining across the state, but it cannot do that if you are using and understand a market based system to achieve 75% of market value as



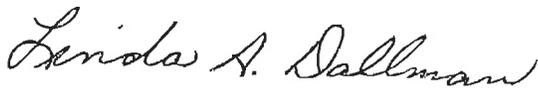
the statutes require. I know some counties are borrowing sales and some are not this year. I understand the equalization process and I agree that the value needs to be kind of close across county lines. I feel that the borrowed sales used in this county has distorted the value of Franklin County ag land. This year I was advised to use only Franklin County sales and I have chosen to follow that advice. Therefore, I have adjusted the values to reflect each land use class within the 69% to 75% range and also overall within the 69% and 75% range.

After checking other county R & O's, I have found that value has been set with using as little as 8 sales. There are counties that did not have any sales of their own and borrowed sales to set value. The amount of sales used varies from 0 to 100 sales, so there really is not any set amount of sales used to set land value. Sometimes, market influences change from one end of the county to the other. One example in Franklin County would be the availability of water to irrigate with. I would like to know the methodology used to decide whether to use borrowed sales or not use borrowed sales and how many to use when setting value in each county. One year ago, Franklin County argued the fact of finding sales to get to the value that would look perfect on paper. That is not the law.

When the abstract was finished all three land classes in Franklin County were within the 69% to 75% range along with the overall ratio. Then an error was found on the value of a sale when the AVU was transferred. With MIPS software it is not possible to hold out one sale or not transfer one value on a property. After that value was corrected, the overall ratio for Franklin County changed to 77%. The 80% or 95% MLU did not change because it was a mixed sale. That sale was in my file.

Thank you for your consideration of this statement.

Sincerely,



Linda A. Dallman  
Franklin County Assessor

