• Most Complex Property Tax System in the Country

• Typical Classifications are:
  • Residential
  • Agricultural
  • Commercial
  • Agricultural

• Average Classifications per US State is 5

• MN Has 55

• Next Most is South Dakota at 14
Timeline for Property Taxes Payable in 2012

- Value Date: Jan 2, 2011
- County Board of Equalization In June
- Budget Meetings November
- 1st Half Tax Due May 15th
- * 2nd Half Tax Due October 15th

2009
- Sales Study
  - State sales study
    - Oct 09 - Sep 10

2010
- Local Board
  - April-May
  - Exact dates
  - Appear on the Valuation Notice

2011
- 2011 Tax Statements & 2011 Value Notices (For Taxes 2012)

2012
- 2012 Tax Statements & 2012 Value Notices (For Taxes 2013)
January 2\textsuperscript{nd} Value Date and First Year Lot Taxes

**FROM A BUYERS PERSPECTIVE**

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Begin Construction in August</td>
<td>Finish Construction in November</td>
<td>Purchase &amp; Move in September</td>
</tr>
</tbody>
</table>

3 MONTHS OF ONLY LOT TAXES

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Begin Construction January 3rd</td>
<td>Finish Construction &amp; move into home in April</td>
<td>20 MONTHS OF ONLY LOT TAXES</td>
</tr>
</tbody>
</table>
Timeline for Property Taxes Payable in 2012

Homesteads

- Own and occupy by December 1\textsuperscript{st}
- Apply by December 15\textsuperscript{th} to be eligible for the following year
What does the Assessor do?

- Estimates market value and determines appropriate classification of property
- Annual review of 20% of the properties each year
  - Looks for changes and verifies property information such as measurements and condition
- Reviews permits for potential valuation impact
- Office review of each sale in assigned jurisdiction
- Compiles and analyzes sale data to determine appropriate adjustments each year
What if I am not home when the assessor shows up?

- Typically, the assessor will conduct an exterior review of the property and leave a note for an inspection to be scheduled.
- If a homeowner does not receive or respond to the note, “makes assumptions believed to be appropriate”
- Property owners should review their estimated market value each year for accuracy
- Any value added due to new improvements to the property are singled out on the valuation notice as “New Construction” value
What if I refuse entry to the assessor?

- Not being home, not answering the door or not responding to a door tag are not considered refusal of entry.

- The local board can’t make changes benefiting a property owner who refuses entry by the assessor.
  - The board may not make an individual market value adjustment or classification change that would benefit the property in cases where the owner or other person having control over the property will not permit the assessor to inspect the property and the interior of any buildings or structures.
Timeline for Property Taxes Payable in 2012

- **Value Date**: Jan 2, 2011
- **County Board of Equalization In June**
- **Local Board**: April-May
  - Exact dates
  - Appear on the Valuation Notice
- **Budget Meetings November**
- **1st Half Tax Due May 15th**
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**Time Points**
- **2009**
- **Sales Study**: State sales study Oct 09 - Sep 10
- **2010**
- **2011**
- **2012**

**Important Dates**
- **2011 Tax Statements & 2011 Value Notices (For Taxes 2012)**
- **2012 Tax Statements & 2012 Value Notices (For Taxes 2013)**
Qualified Sales

CHARACTERISTICS OF A QUALIFIED SALE:

- Arm’s-length transaction
- Have well informed parties
- Parties must be acting in own best interest
- Reasonable marketing time period
- Sale must have normal payment/financing
Examples of Unqualified Sales

- Relative/Related Party Transaction
- Foreclosure Sales
- Short Sales
- Physical Change to Property
- Less Than 5% Down on a Contract For Deed
Who Determines Qualified or Unqualified?

- Initial check by Assessor’s office clerical staff. Some reasons are obvious, even listed on CRV.
- Each CRV is given to the appraiser assigned to the jurisdiction to be researched further.
- DOR Representative double checks all sales.
The Valuation Process

- Compile and analyze sales data

- **Measure assessment level:**
  - How close EMVs are to sale prices
  - Must have a median sales ratio of 90 – 105%
  - Must have at least six sales per “area”
    - Could expand market area
    - Could expand time period

- Establish EMV each year as of January 2
The Valuation Process

- Classify based on use – Affects tax rate
  - 80 Acres of woods vs. tilled farmland
- Value based on “highest and best” use
  - Farmland in Blakeley TWP vs. City of Shakopee
### Proposed Property Tax Statement Example

<table>
<thead>
<tr>
<th></th>
<th>Taxes payable in 2009</th>
<th>Taxes payable in 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property classification:</td>
<td>Res Hstd</td>
<td>Res Hstd</td>
</tr>
</tbody>
</table>

| Taxable market value: | 396,200 | 386,800 |

<table>
<thead>
<tr>
<th></th>
<th>(1) Actual 2009 Property Tax</th>
<th>(2) Proposed 2010 Property Tax</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 4,759.72</td>
<td>$ 4,810.00</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Estimated value decreases, property taxes can still increase
A Four House Town

A four house town, the various entities (City, County, School, etc.) require a total of $4000.00 to operate.

EMVs ARE CUT BY 1/2
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**EMV** = $100,000  
**TAXES** = $1,000.00

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**LEVIES ARE CUT BY**  
\[ \frac{1}{2} \]  
(2000.00)
The Appeals Process Overview

1. INFORMAL APPEALS
   - Addresses concerns or issues of taxpayers.
   - If deemed necessary send revised notice.

2. OPEN BOOK
   - Less Formal Process

3. COUNTY BOARD OF APPEAL
   - Ensures equalization among the taxing districts
   - Can make changes to class or value

   TAX COURT
   - Sole, exclusive & final authority

   LOCAL BOARD OF REVIEW
   - Verifies Assessment
   - Can make changes to class or value
Informal Appeals

- Anytime, but typically starts when you receive your valuation notice in March of each year
  - Note: March of 2011 Value appeal would affect taxes in 2012
- Notice has the contact appraiser’s telephone #
- Most valuation and classification concerns can be resolved at this level
- If your appeal is successful the assessor sends a revised notice in the mail and you are done
Local Appeal Level

- Typically held between April and May each year
- It is highly recommended that you contact the assessor to discuss concerns before appealing at the local level
- Two types of meetings
  - Local Board of Equalization. This is the traditional method and could be the local City Council, Township Board or appointed Special Board.
  - “Open Book” meeting. The Local unit of government has transferred its duties to the county. An informal meeting is still held to address concerns.
- If your jurisdiction holds a local board, you must attend in order to be eligible to appear at the County board of appeal
County Appeal Level

- Held in June each year

- In jurisdictions with a Local Board, the property owner must have appealed to the Local Board to be eligible

- The County Board of Equalization is comprised of the County Commissioners or an appointed Special Board
Must file by April 30 in the year the taxes are due
- Example: If you file in tax court 3/9/2011 for taxes payable in 2011, you are still appealing the value as of 1/2/2010, not today’s value

Filing fees vary but general rule is approximately $160 for small claims and $320 for regular.

The small claims division only hears appeals involving one of the following situations:
- The assessor’s estimated market value of your property is less than $300,000.
- Your entire parcel is classified as a residential homestead (1a or 1b) and the parcel contains no more than one dwelling unit.
- Your entire property is classified as an agricultural homestead (1b or 2a).
- Appeals involving the denial of a current year application for homestead classification of your property.

Possibility of negotiating a settlement with the County before trial
Decided by one of Minnesota’s three tax court judges
Questions?