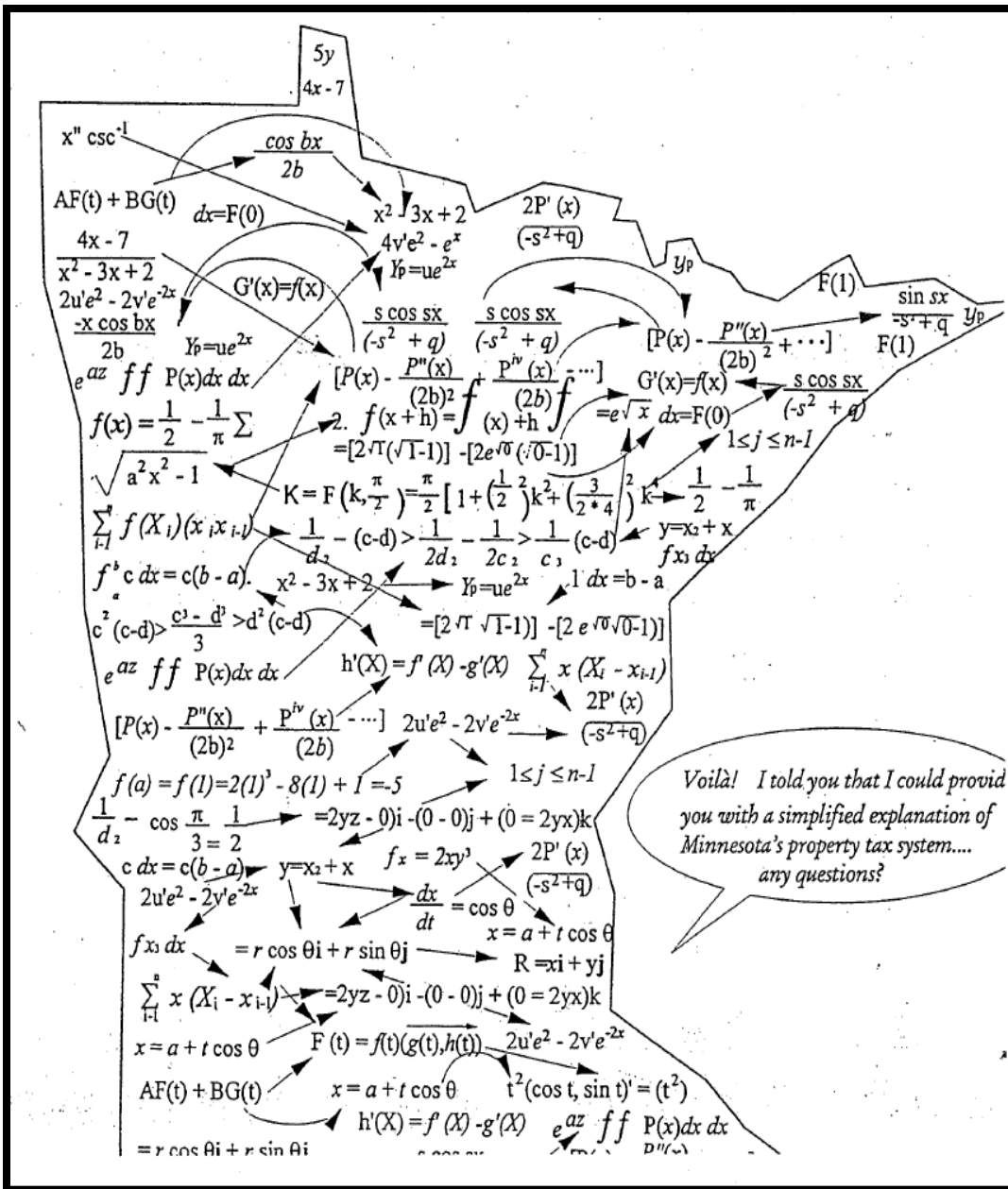




ASSESSMENT PROCESS

Presented by the Scott County Taxation Department

Created: 3/9/2010
Updated: 5/31/2011



•Most Complex Property Tax System in the Country

•Typical Classifications are:

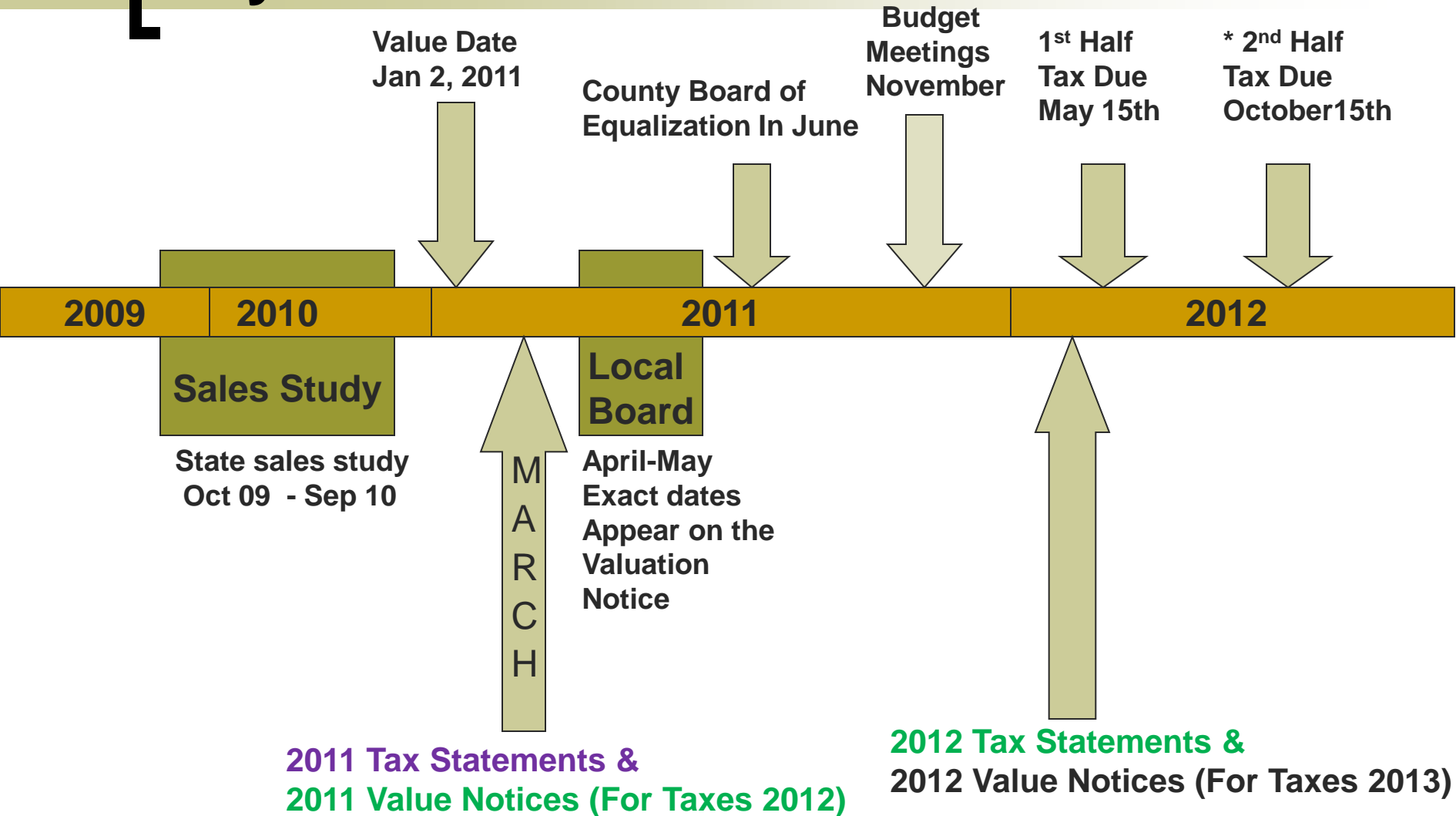
- Residential
- Agricultural
- Commercial
- Agricultural

•Average Classifications per US State is 5

•MN Has 55

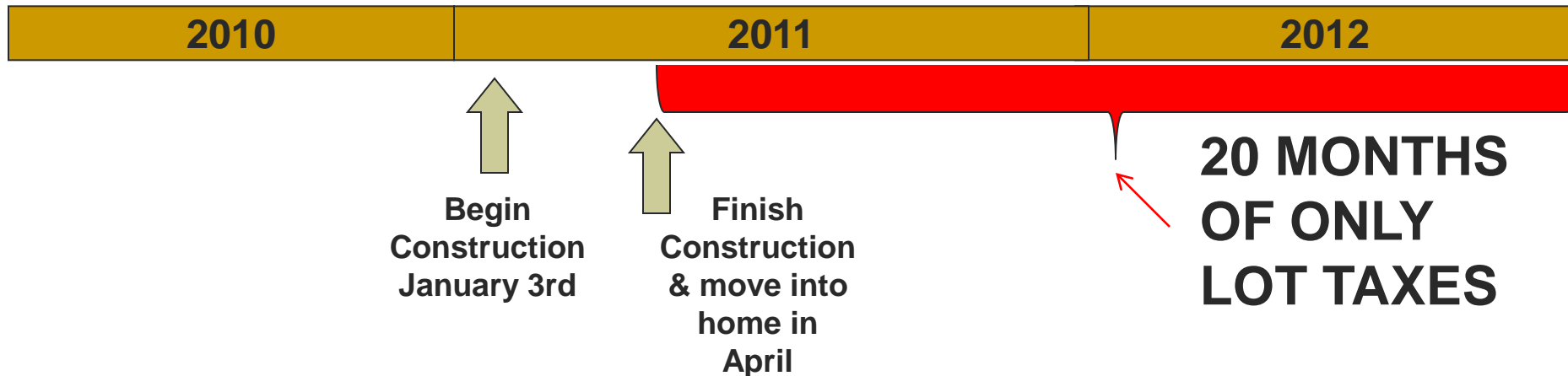
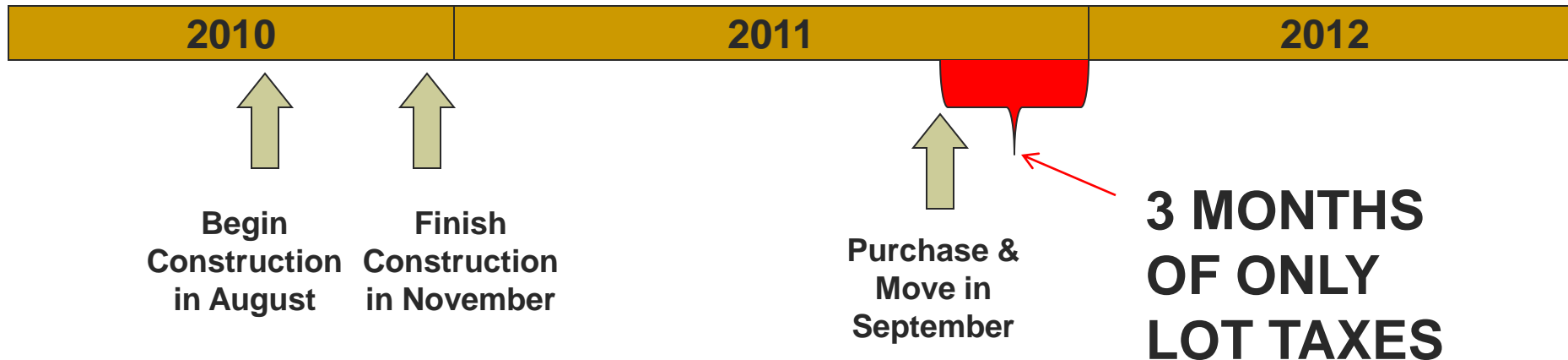
•Next Most is South Dakota at 14

Timeline for Property Taxes Payable in 2012



January 2nd Value Date and First Year Lot Taxes

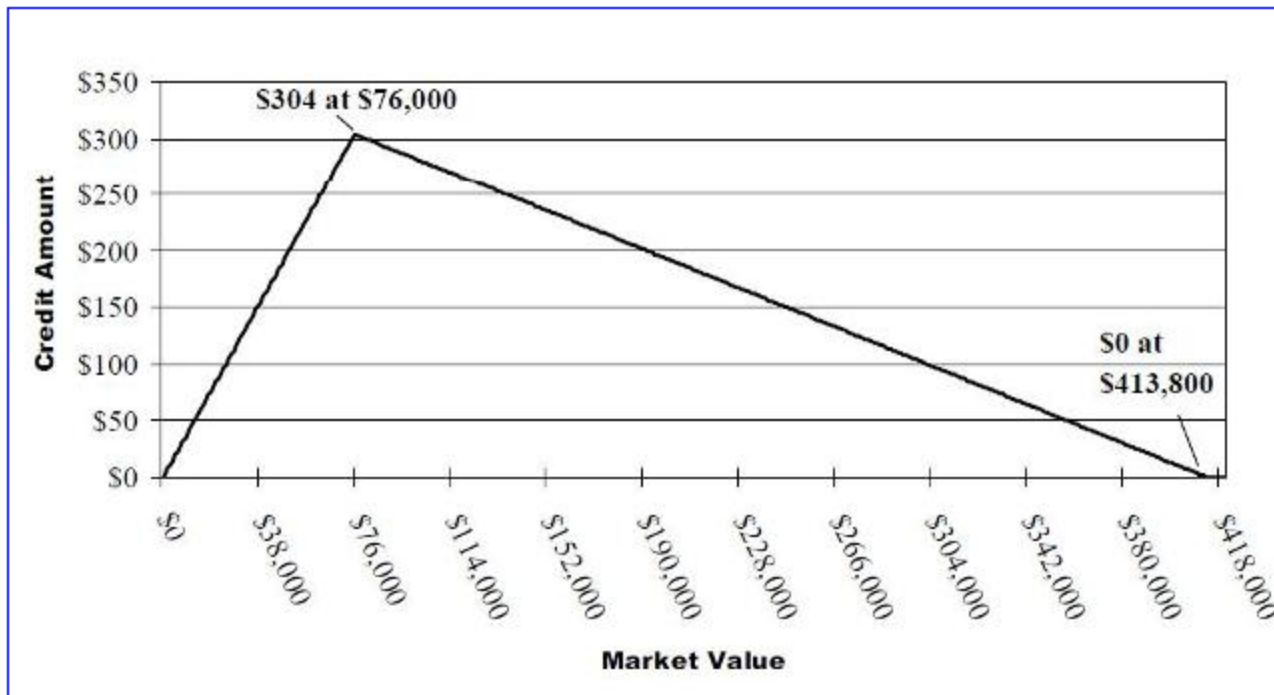
****FROM A BUYERS PERSPECTIVE****



Timeline for Property Taxes Payable in 2012

Homesteads

- Own and occupy by **December 1st**
- Apply by **December 15th** 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

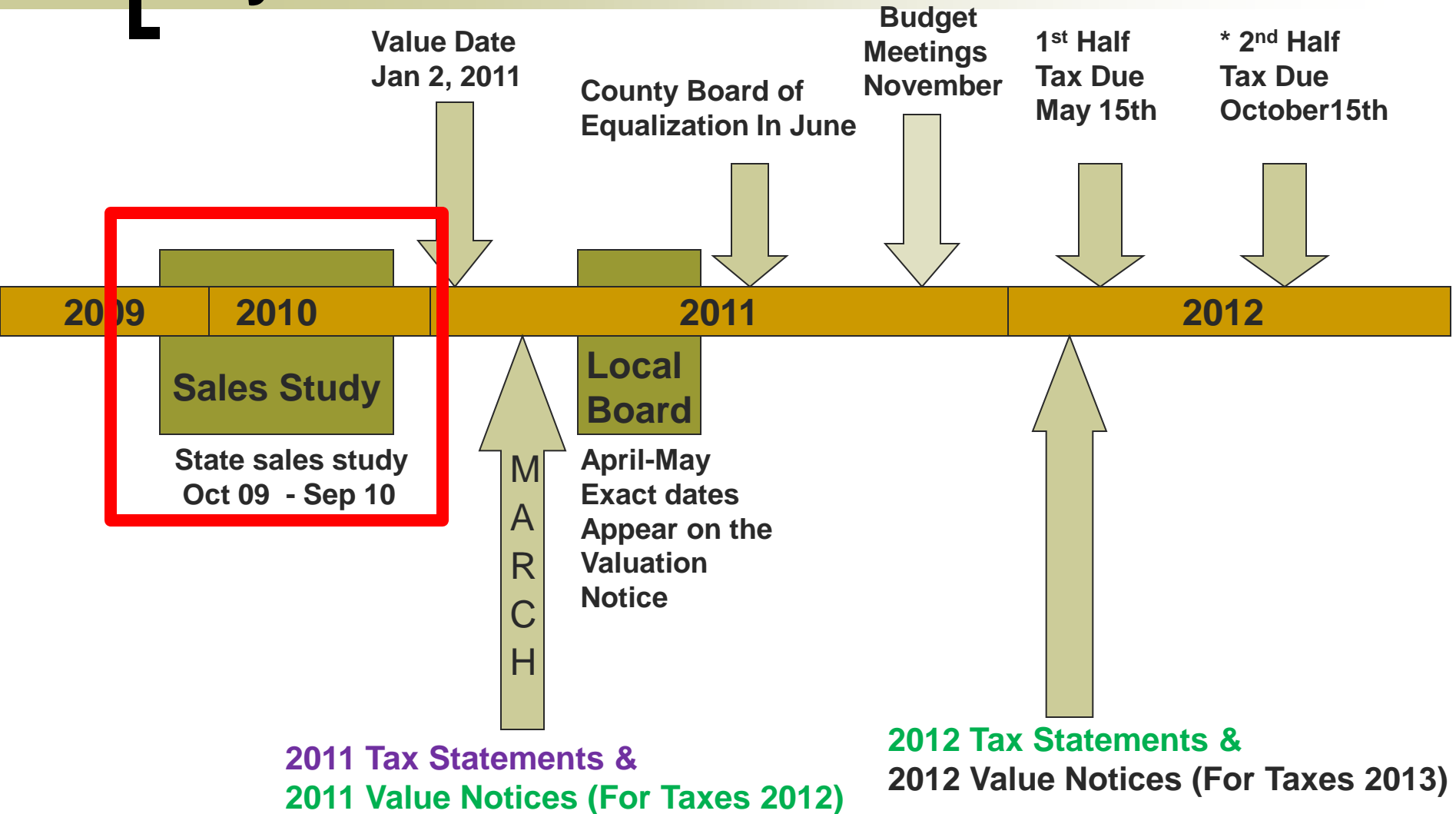
What if I am not home when the assessor shows up?

- 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



[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]

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

	Taxes payable in 2009	Taxes payable in 2010
Property classification:	Res Hstd	Res Hstd
Taxable market value:	396,200	386,800

(1) Actual 2009 Property Tax	(2) Proposed 2010 Property Tax	Percent Change
\$ 4,759.72	\$ 4,810.00	1.1%

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.

EMV = \$100,000



TAXES = \$1,000.00

EMV = \$100,000



TAXES = \$1,000.00

EMV = \$50,000



TAXES = \$1,000.00

EMV = \$50,000



TAXES = \$1,000.00

EMVs
ARE
CUT
BY 1/2

EMV = \$100,000



TAXES = \$1,000.00

EMV = \$100,000



TAXES = \$1,000.00

EMV = \$50,000



TAXES = \$1,000.00

EMV = \$50,000



TAXES = \$1,000.00

[A Four House Town]

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EMV = \$100,000



TAXES = \$500.00

EMV = \$100,000



TAXES = \$500.00

LEVIES
ARE
CUT BY
 $\frac{1}{2}$
(2000.00)

EMV = \$100,000



TAXES = \$1,000.00

EMV = \$100,000



TAXES = \$1,000.00

EMV = \$100,000



TAXES = \$500.00

EMV = \$100,000



TAXES = \$500.00

The Appeals Process Overview

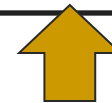
TAX COURT
Sole, exclusive & final authority

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

#2 **OPEN BOOK**
Less Formal Process

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

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



[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 it’s 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

[Tax Court]

- 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?

