

1.1 **Department of Revenue**1.2 **Adopted Exempt Permanent Rules Relating to Property Tax Data Reports Amendments**1.3 **8106.0700 APPORTIONMENT.**1.4 *[For text of subparts 1 and 2, see Minnesota Rules]*

1.5 Subp. 3. **Railroad operating land.** The information for the computation of this
1.6 apportionment component will be based on information submitted by both the railroads and
1.7 the various county auditors and assessors. The railroad companies shall file with the
1.8 commissioner of revenue each year, in conjunction with their annual reports required by
1.9 part 8106.0300, subpart 1, the number of acres of railroad operating land owned or used by
1.10 them in each taxing district in which they operate. The county auditor shall also be required
1.11 to submit to the commissioner of revenue a report showing the number of acres of railroad
1.12 operating land, detailed by owning railroad, in each taxing district within the county. If
1.13 either the railroads or the auditors find that it is administratively impracticable to submit
1.14 this information, the commissioner shall make an estimate of the number of acres of railroad
1.15 operating land within each taxing district based on the best information available. Such
1.16 information would usually consist of the miles of railroad track within the taxing district
1.17 and the normal width of the right-of-way used by the railroad. In addition, information
1.18 relative to the current estimated market value of all land within the respective taxing districts
1.19 will be obtained from the county or city assessors by a review of the ~~abstract of assessment~~
1.20 ~~of real and personal property which the various assessors are required to submit yearly to~~
1.21 information reported to the commissioner of revenue in compliance with Minnesota Statutes,
1.22 section ~~273.061~~ 270C.85, subdivision ~~9~~ 2, clause (4). ~~A review will also be made of the~~
1.23 ~~abstract of assessment of exempt real property which is submitted to the commissioner of~~
1.24 ~~revenue by the various assessors in compliance with Minnesota Statutes, section 273.18.~~

1.25 The computation for the railroad operating land apportionment component will be
1.26 accomplished annually in the following manner:

2.1 A. The average estimated market value per taxable acre within a specific taxing
 2.2 district will be calculated by dividing the estimated market value of all taxable land within
 2.3 the taxing district as indicated by the most recent ~~abstract of assessment of real and personal~~
 2.4 ~~property by the number of taxable acres within the taxing district~~ assessment information
 2.5 reported to the commissioner under Minnesota Statutes, section 270C.85, subdivision 2,
 2.6 clause (4). The number of acres within a taxing district will be obtained from the most recent
 2.7 statistics available from the Minnesota Geospatial Information Office, Department of
 2.8 Administration. The total number of acres will be adjusted to allow for nontaxable or exempt
 2.9 acres by subtracting these nontaxable or exempt acres from the total acres. The number of
 2.10 nontaxable or exempt acres will be obtained from the most recent ~~abstract of assessment of~~
 2.11 ~~exempt real property~~ exempt real property information reported to the commissioner under
 2.12 Minnesota Statutes, section 270C.85, subdivision 2, clause (4). The following example
 2.13 illustrates this calculation.

2.14	Estimated Market Value of All Taxable Land Within		
2.15	Taxing District		\$200,000
2.16	Total Area of Taxing District	210 Acres	
2.17	Nontaxable or Exempt Acres	10 Acres	
2.18	Taxable Acres Within Taxing District		200
2.19			<hr/>
2.20	Average Estimated Market Value per Acre		\$1,000

2.21 *[For text of items B and C, see Minnesota Rules]*

2.22 *[For text of subparts 4 to 6, see Minnesota Rules]*

2.23 **8106.0800 EQUALIZATION.**

2.24 *[For text of subpart 1, see Minnesota Rules]*

2.25 Subp. 2. **Assessment/sales ratio computation.** A comprehensive assessment/sales
 2.26 ratio study compiled annually by the sales ratio section of the Property Tax Division of the

3.1 Department of Revenue commonly known as the State Board of Equalization Sales/Ratio
3.2 Study will be used in this computation. The portions of this study which will be used for
3.3 purposes of this section are known as the "County Commercial and Industrial Sales Ratio."

3.4 This commercial and industrial (C & I) sales ratio is computed through an analysis of
3.5 the certificates of real estate value filed by the buyers or sellers of commercial or industrial
3.6 property within each county. The information contained on these certificates of real estate
3.7 value is compiled pursuant to requests, standards, and methods set forth by the Minnesota
3.8 Department of Revenue acting upon recommendations of the Minnesota legislature. The
3.9 most recent C & I study available will be used for purposes of this section.

3.10 The median C & I sales ratio from the County Commercial and Industrial Sales Ratio
3.11 study will be used as a basis to estimate the current year C & I median ratio for each county.

3.12 The process used to estimate this current year median ratio will be as follows.

3.13 ~~The State Board of Equalization abstract of market value will be examined.~~ The current
3.14 estimated market value of commercial and industrial property within each county will be
3.15 taken from ~~this abstract~~ the information reported to the commissioner under Minnesota
3.16 Statutes, section 270C.85, subdivision 2, clause (4). The amount of the value of new
3.17 commercial and industrial construction, ("new" meaning since the last assessment period)
3.18 as well as the value of commercial and industrial property which has changed classification
3.19 (i.e. commercial to tax exempt property) will also be taken from the ~~abstract~~ information
3.20 reported to the commissioner under Minnesota Statutes, section 270C.85, subdivision 2,
3.21 clause (4). The value of new construction will then be deducted from the estimated market
3.22 value, resulting in a net estimated current year market value for commercial and industrial
3.23 property within the county. The value of commercial and industrial property which has
3.24 changed classification will be deducted from the previous years estimated market value to
3.25 arrive at a net estimated previous year market value for commercial and industrial property
3.26 within the county. The net current year value will be compared to the net previous year's

4.1 estimated market value for commercial and industrial property within the county and the
 4.2 difference between the two values noted. This difference will be divided by the previous
 4.3 year's net estimated market value for commercial and industrial property to find the
 4.4 percentage of increase, or decrease, in assessment level for each year. This percent of change
 4.5 will be applied to the most recent C & I median ratio to estimate the current year's C & I
 4.6 median ratio. An example of this calculation for a typical county is shown below.

4.7	Current Year Estimated Market Value for		
4.8	Commercial and Industrial Property	\$12,000,000	
4.9	Less: New Construction	1,500,000	
4.10		<hr/>	
4.11	Current Year Net Estimated Market Value for		
4.12	Commercial and Industrial Property		10,500,000
4.13	Previous Year Estimated Market Value for		
4.14	Commercial and Industrial Property	10,250,000	
4.15	Less: Classification Changes	250,000	
4.16		<hr/>	
4.17	Previous Year Net Estimated Market Value for		
4.18	Commercial and Industrial Property		10,000,000
4.19			<hr/>
4.20	Difference Previous Year vs. Current Year		
4.21	Estimated Market Value		500,000
4.22	Percent of Change ($500,000 \div 10,000,000$)		5%
4.23	Previous Year Median Commercial and Industrial		
4.24	Ratio		88%
4.25	Current Year Estimated Median Commercial and		
4.26	Industrial Ratio ($88\% \times 105\%$)		92.4%

4.27 This same calculation is performed for each Minnesota county which contains operating
 4.28 railroad property. If there are five or fewer valid sales of commercial and industrial property
 4.29 within a county during the study period, these few sales are insufficient to form the basis
 4.30 for a meaningful C & I ratio. Therefore, the median assessment/sales ratio to be used for

5.1 purposes of the above computation will not be the median C & I ratio but will be the weighted
 5.2 median ratio of all property classes within the county for which a sales ratio is available.
 5.3 This weighted median ratio is computed in the same manner using the same procedures and
 5.4 standards as the C & I ratio. In addition, the computation described above will not be
 5.5 performed using the commercial and industrial estimated market value but will use the
 5.6 estimated market value for all property within the county. All other aspects of the calculations
 5.7 are identical except for this substitution.

5.8 The weighted median ratio is developed by multiplying the median ratio for each class
 5.9 of property (agricultural, residential, recreational, commercial) by the percentage of value
 5.10 that class of property comprises of the total county value. An example of this calculation
 5.11 is as follows:

5.12	5.13	Amount of	Percent of	Median	Weighted
	Class of Property	Value	Value	Ratio	Median Ratio
5.14	Residential	\$ 20,000,000	20%	85%	17.00%
5.15	Agricultural	55,000,000	55%	95%	52.25%
5.16	Seasonal - Recreational	5,000,000	5%	90%	4.50%
5.17	Commercial - Industrial	20,000,000	20%	85%	17.00%
5.18	Total	\$100,000,000	100%		90.75%

5.19 *[For text of subpart 3, see Minnesota Rules]*