



State Assessed Property Fall Forum

November 5, 2020 | WebEx

This presentation is for educational purposes only and does not provide tax advice. It is meant to accompany an oral presentation and not to be used as a standalone document. This presentation is based on the facts and circumstances being discussed, and on the laws in effect when it is presented. It does not supersede or alter any provisions of Minnesota laws, administrative rules, court cases, or revenue notices.

Agenda

- State Assessed Property Section Member Introductions
- Department Updates
 - Website
 - Virtual Room
 - e-Services Upgrade
 - Solar Update
- Minnesota Property Tax System
- Sales Ratio
- PRISM
- Property Tax System – Panel Discussion
- Questions

Member Introductions

- Jon Van Nurden, Supervisor
- Jesse Larson, Revenue Tax Specialist Senior
- Damaris Ledesma, Revenue Tax Specialist Intermediate
- Lisa Glass, Revenue Tax Specialist
- Paul Winghart, Revenue Tax Specialist
- Holly Soderbeck, Appeals Officer

Minnesota Department of Revenue

Working together to fund Minnesota's future

INDIVIDUALS

BUSINESSES

TAX PROFESSIONALS

GOVERNMENTS

Top Tasks

[Where's My Refund?](#)

[Make a Payment](#)

[Log in to e-Services](#)

[Register for a Tax ID](#)

[Calculate a Sales Tax Rate](#)

[Find a Form](#)

Virtual Room

Sign in to your account

Email Address

Password

[Reset Password](#)

By signing into this system, you are agreeing the username and password belong to you and have not been shared with others.

Sign In

Same system, new look!

Revenue's online services are getting a makeover on November 30. The new design is more intuitive and user friendly.

We're upgrading our applications, including

- e-Services for Business
- Business Registration

More details and training opportunities coming soon.



Solar Project Identification

Jesse Larson

Panel Discussion

Moderator: Damaris Ledesma

- Cole Stephenson, Tax Analyst with ONEOK, Inc.
- Doug Hansen, Crow Wing County Recorder
- Jesse Larson, Revenue Tax Specialist Senior
- Joy Kanne, Mower County Assessor
- Kristie Strum, Auditor/Treasurer Section
- Paul Koepke, Property & Sales Tax Reporting Consultant with Xcel Energy

Questions?

Thank You!

State Assessed Property Section

sa.property@state.mn.us



Property Tax in Minnesota

Jessi Glancey, Property Tax Trainer

Eben Johnson, Property Tax Administrator

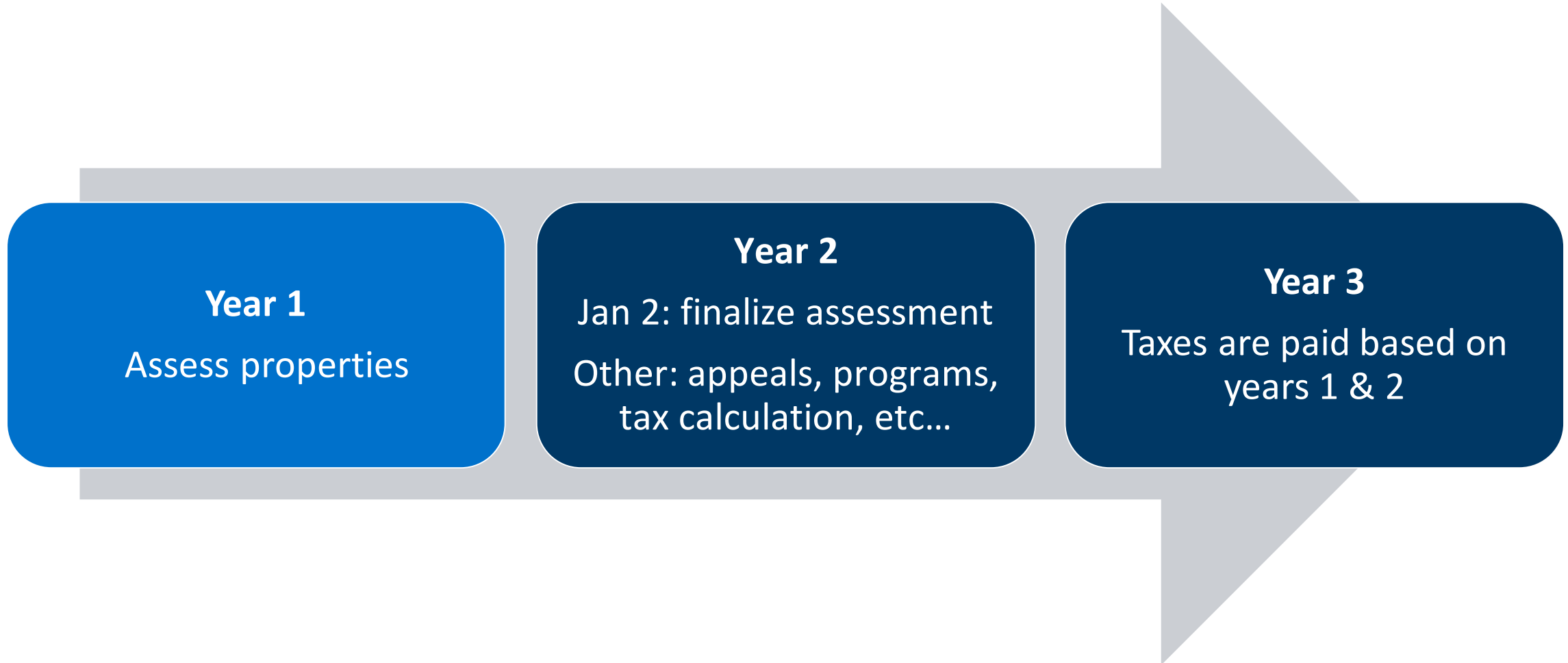
Working together to fund Minnesota's future | www.revenue.state.mn.us

Our Story Begins...

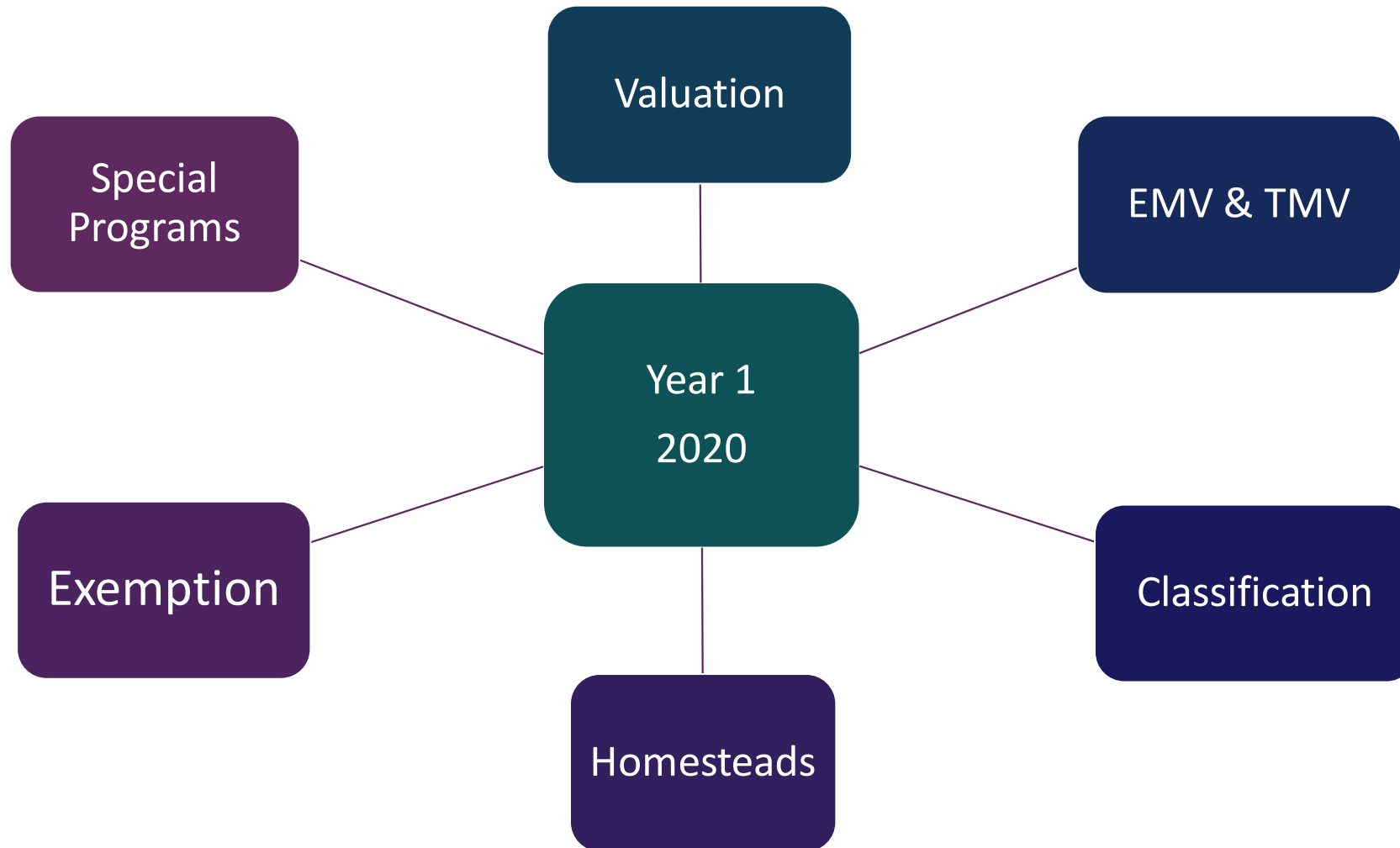


- Assessors are required to assess all real property every year on January 2
- This is the start of the assessment year
- Assessing property = valuation, classification, homesteads, exemption, special programs etc....
- Assessment work takes place before, during, and after January 2.

Three Year Process



Assessing Property



According to Minnesota law, all property is to be valued at its market value.

Market value is the price that would tend to prevail under **typical, normal, competitive** open-market conditions.

Assessors **must** determine:

- The value of the **land** only
- The value of the **structures** and **improvements** only and
- The **total market value** of the **property**

Assessors must **revalue** property annually

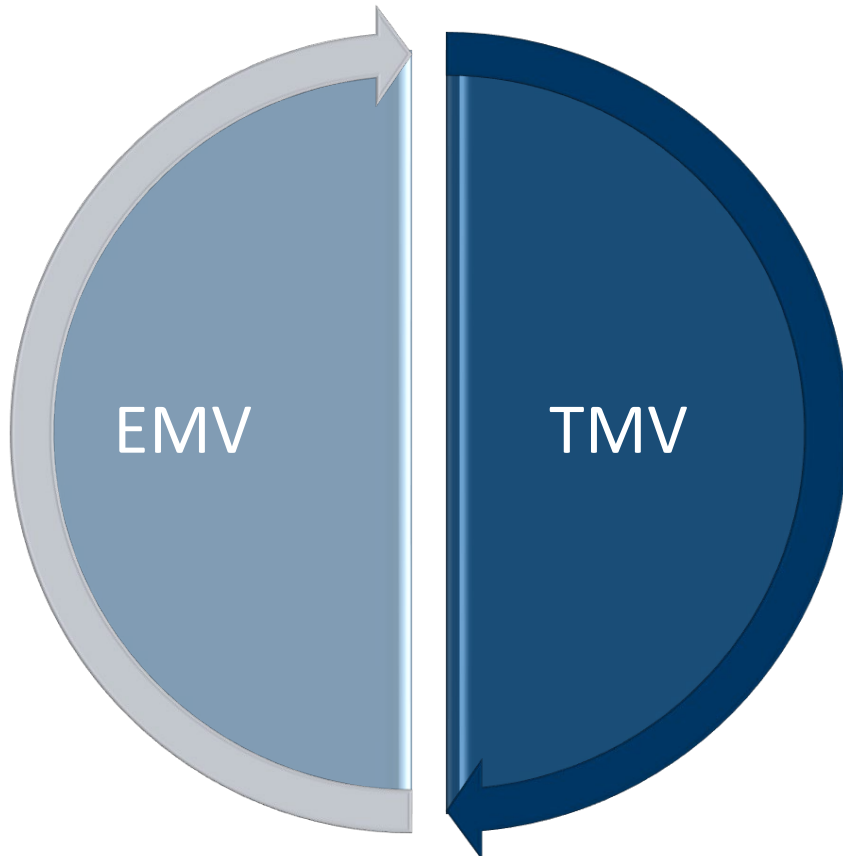
How Does Valuation Affect Taxes?

Year 1

Year 2

Year 3

Market Value



Estimated Market Value (EMV)

Refers to the value determined by the assessor as the price the property would likely sell for on the open market.

This value is determined **each year** on the assessment date of January 2.

Taxpayers may appeal their EMV to boards of appeal and equalization and/or to Tax Court.

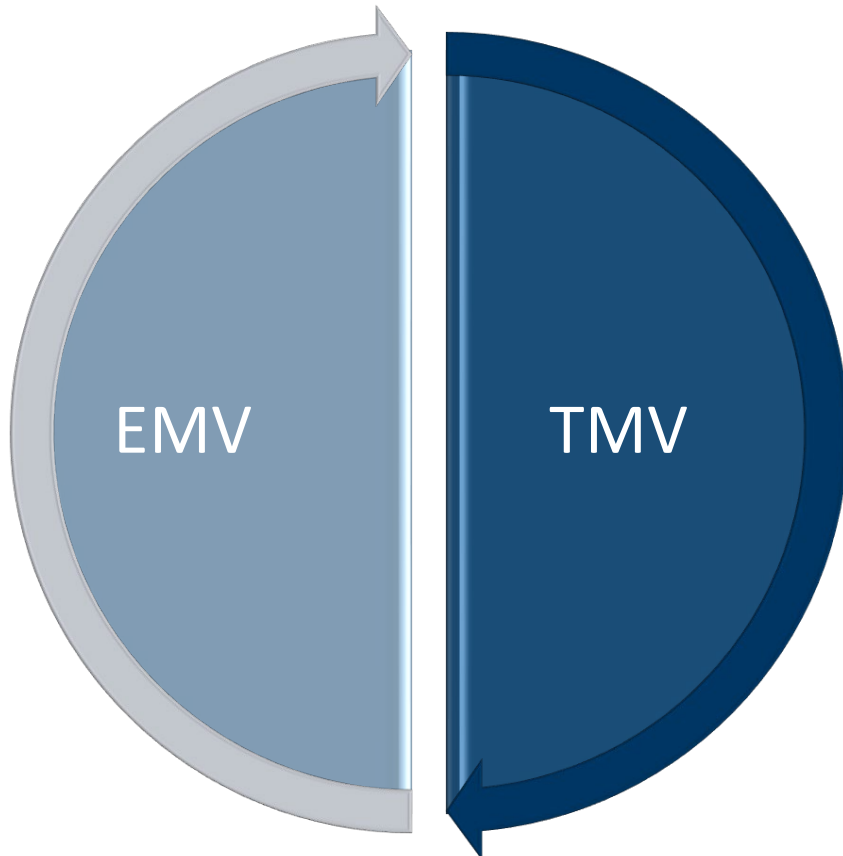
How Does Valuation Affect Taxes?

Year 1

Year 2

Year 3

Market Value

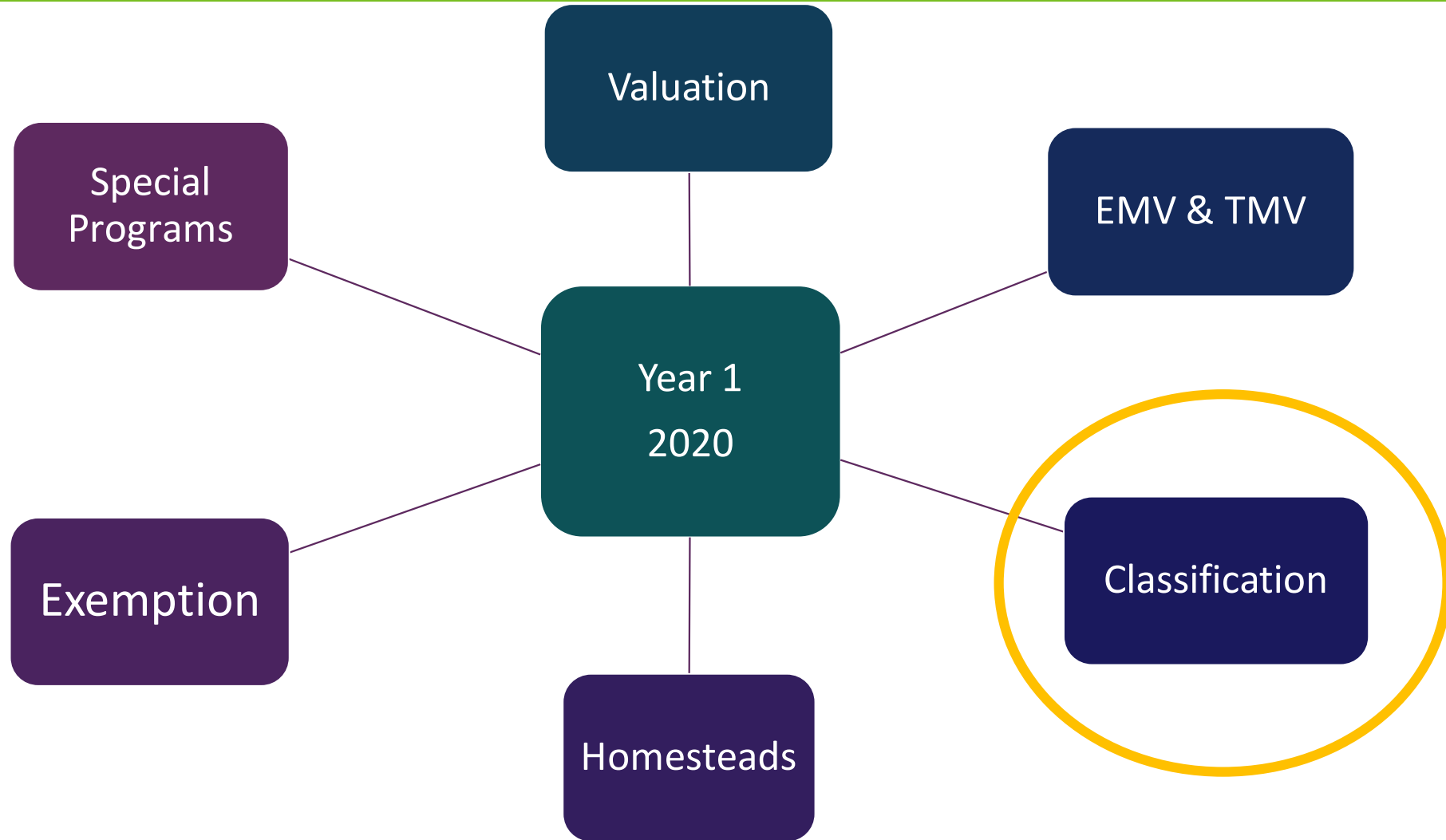


Taxable Market Value (TMV)

Refers to the amount of value that is **used in calculating** property taxes.

TMV = EMV – all exclusions & deferrals

Assessing Property





Year 1

Year 2

Year 3

Classification

Current Use

- Verification
- Applications

January 2

- Cannot be changed*

*Appeals or application date

Classification Rates

- Used for tax calc

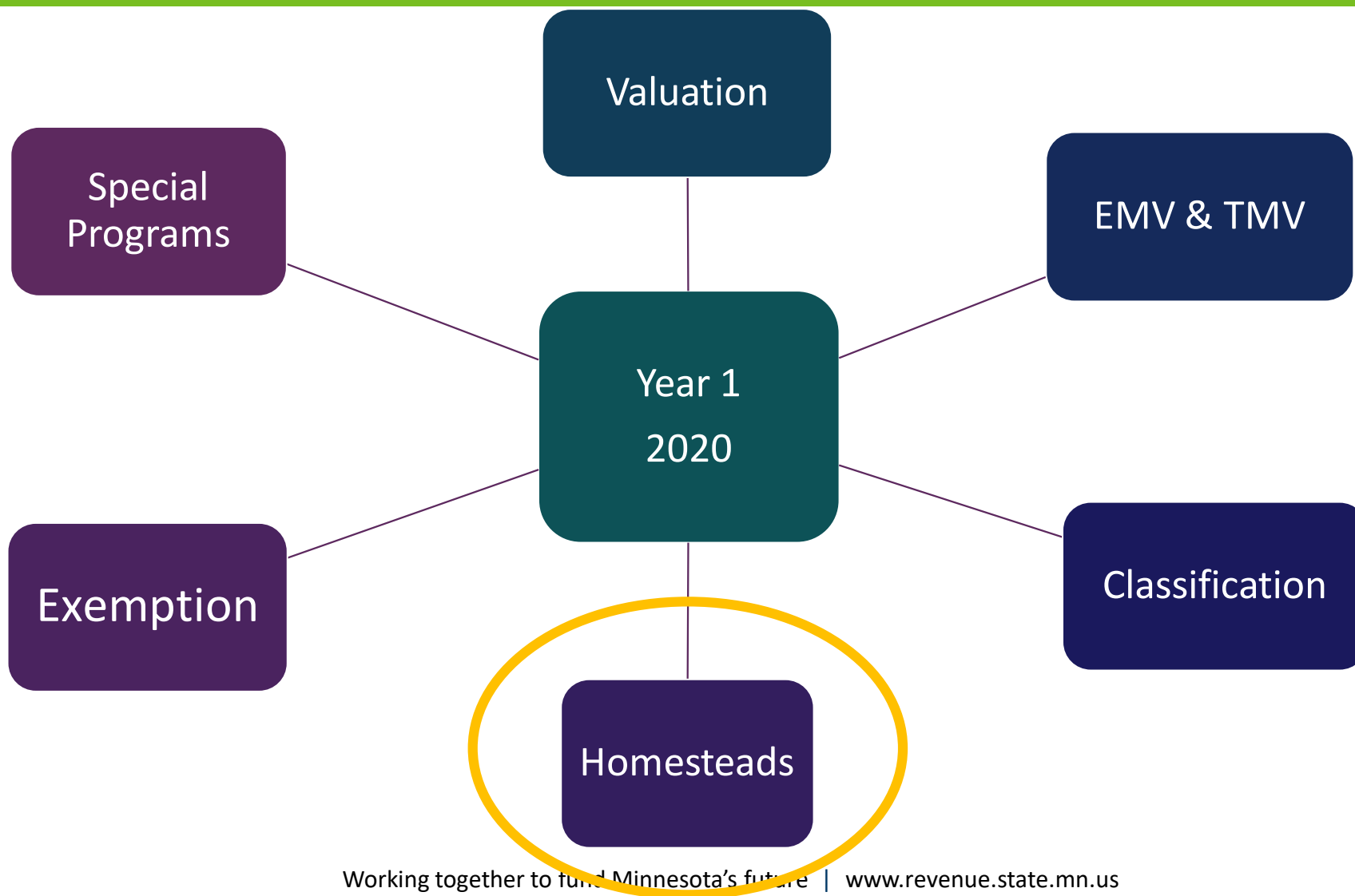
5 Basic Classifications

How Does Classification Affect Taxes?

- Assessor determines the estimated market value (EMV)
- Assessor determines the classification based on current use
- Assessor calculates the taxable market value (TMV)
 - $EMV - \text{all exclusions and deferrals} = TMV$

$$\text{Taxable Market Value (TMV)} \times \text{Class Rate} = \text{Tax Capacity}$$

Assessing Property



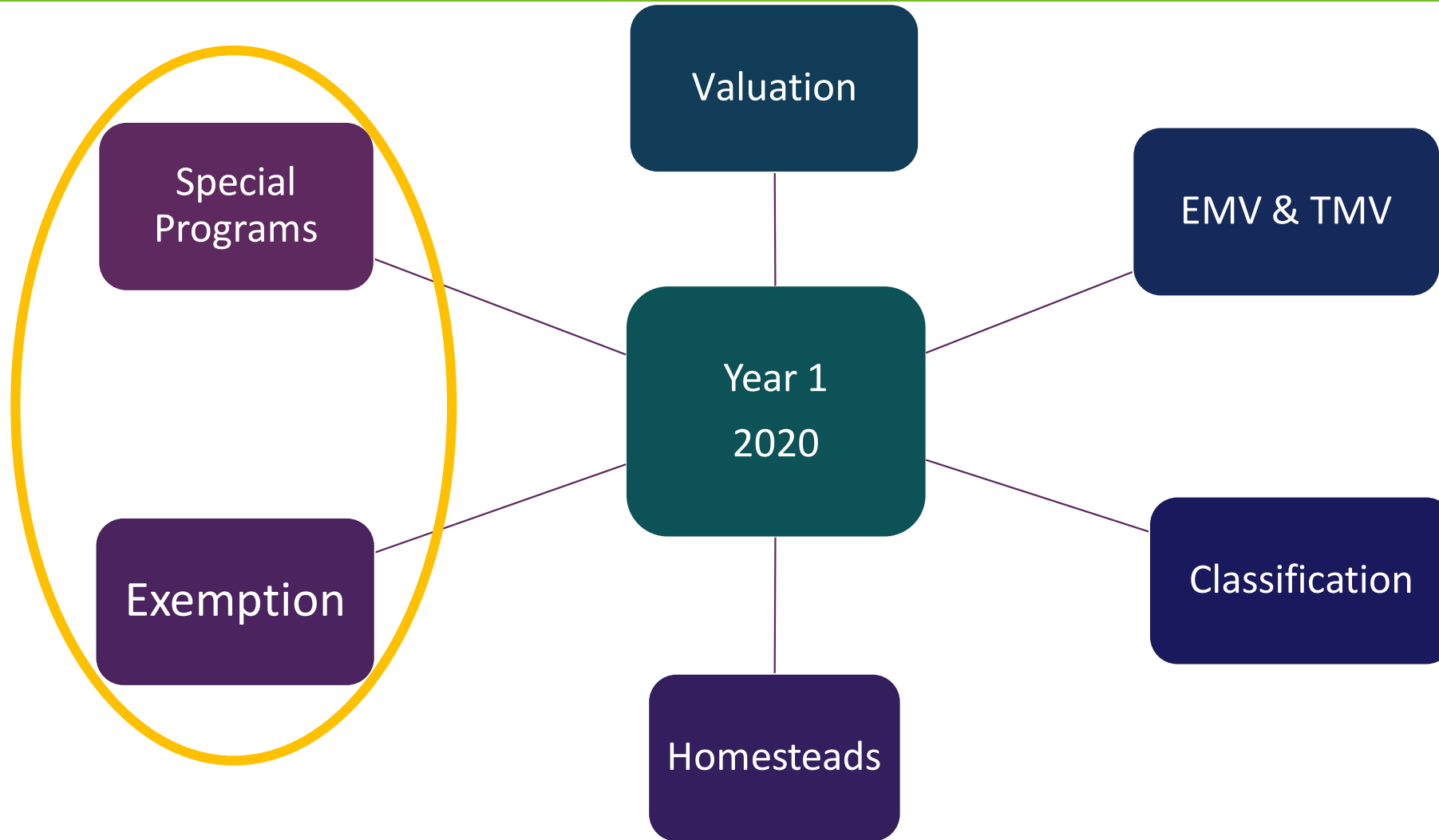
- Homestead is allowed for residential and agricultural property
- January 2nd – property will be classified according to use
- Homestead is verified during year 1 and then set on January 2nd of year 2
- Homestead can also be granted in year 2
 - Owned & occupied by December 1
 - Application submitted by December 15

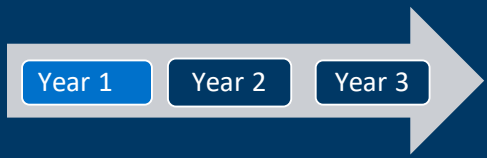
How Does Homestead Affect Taxes?

Homestead provides additional benefits that properties could qualify for:

1. Homestead market value **exclusion** for residential properties. This is used in the calculation of TMV for residential properties.
2. Property Tax Refund – based on income and taxes paid
3. Other property tax programs or other tax benefits that are associated with homestead

Assessing Properties





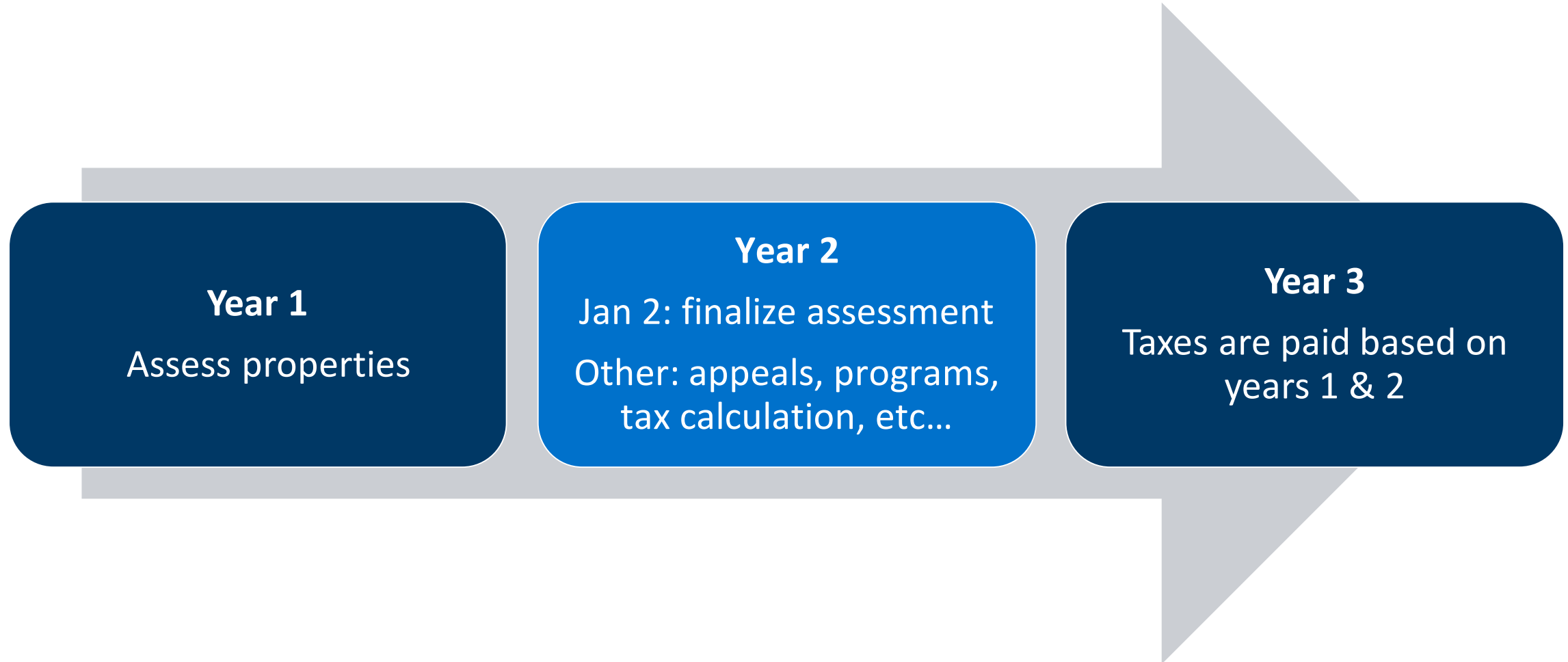
Special Programs & Exemption

Special Programs	Exemption
Currently enrolled properties are reviewed/verified in year 1, set on January 2 of year 2	The “exception” to the rule of taxation. Exempt properties are reviewed/verified in year 1 and set on January 2 of year 2
Application and reapplication requirements	When properties qualify for exemption, they do not pay property tax.
Variety of types such as deferrals, exclusions, etc....	Properties must meet statutory requirements to be exempt
TMV = EMV – deferrals and exclusions	

Wrapping up Year 1

- ✓ Assessors have reviewed properties to verify valuation and classification
- ✓ Assessors have reviewed properties that had ownership and/or occupancy changes and verified homestead status'
- ✓ Assessors have reviewed properties enrolled in programs to verify that the programs are applied correctly
- ✓ Assessors have reviewed exempt properties to verify those properties still qualify
- ✓ All changes have been documented and finalized at the end of the year
- ✓ Those changes will be implemented on January 2 of year 2

Three Year Process

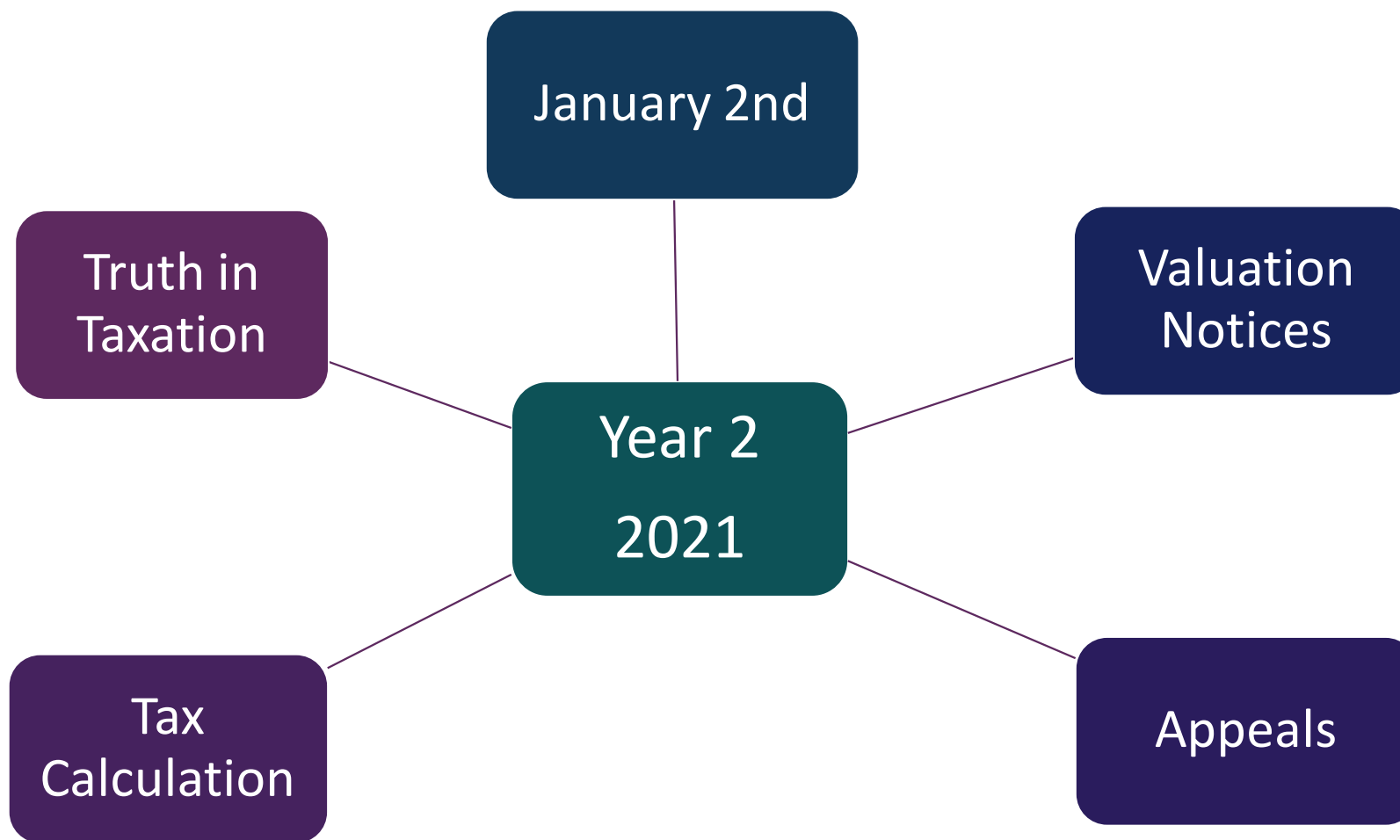


Year 1

Year 2

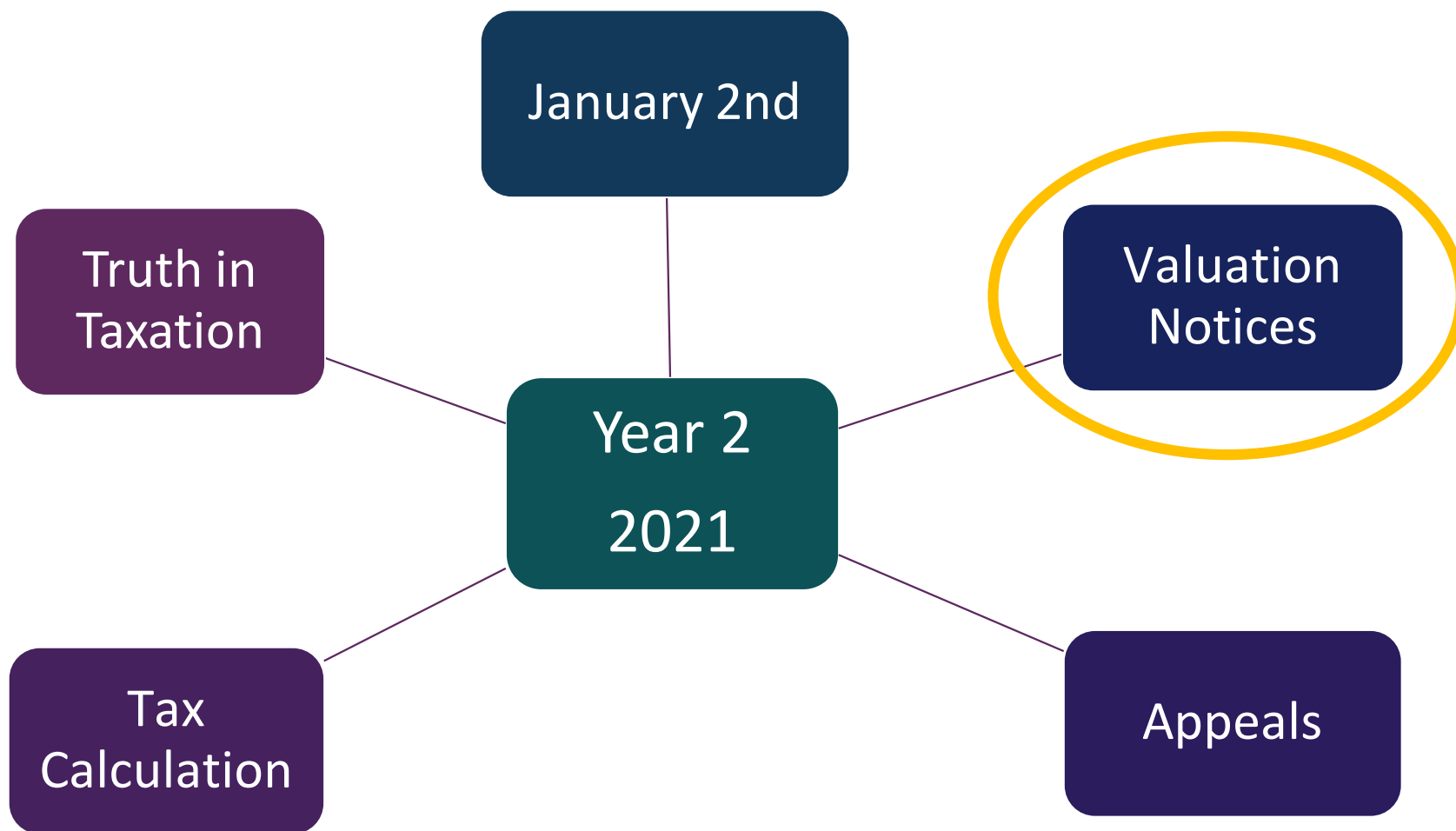
Year 3

Assessment Year



The Assessment Date-

- All values are **finalized**- they cannot be changed unless appealed
- Classification is also finalized, though classifications that require an application may be granted later in the year
 - Classification may also be appealed
 - Homestead Deadline: December 15



Valuation Notices

- These notices let property owners know what their valuation and classification are
- Gives information about how to appeal
- Lists any deferrals or exclusions that the property qualifies for



Spruce County
Jane Stevens, Assessor
345 12th Street East, Box 77
Spruceville, MN 55555-5555
(555) 345-6780
www.co.spruce.mn.us

Property ID Number: 01.234.56.7890.R1

Property Description:

Lot 5, Block 13 of the Spruceville Estates Addition to the City of Spruceville.

TAXPAYER(S):

John and Mary Johnson
123 Pine Road South
Spruceville, MN 55555-5555

VALUATION NOTICE

2022

2021 Values for Taxes Payable in

Property tax notices are delivered on the following schedule:

Step 1	Valuation and Classification Notice		See Details Below.
	Class: Residential Homestead		
	Estimated Market Value:	\$150,000	
	Homestead Exclusion:	\$23,800	
	Taxable Market Value:	\$126,200	

Step 2	Proposed Taxes Notice	
	2022 Proposed Tax:	Coming November 2021

Step 3	Property Tax Statement	
	1st Half Taxes:	Coming March 2022
	2nd Half Taxes:	
	Total Taxes Due in 2022:	

The time to appeal or question your CLASSIFICATION or VALUATION is NOW!

It will be too late when proposed taxes are sent.

Your Property's Classification(s) and Values

Taxes Payable in 2021 (2020 Assessment)	Taxes Payable in 2022 (2021 Assessment)
<i>The assessor has determined your property's classification(s) to be:</i>	
Residential Homestead 1a	Residential Homestead 1a
<input type="checkbox"/> If this box is checked, your classification has changed from last year's assessment.	
<i>The assessor has estimated your property's market value to be:</i>	
Estimated Market Value (EMV)	\$158,000
	\$150,000
<i>Several factors can reduce the amount that is subject to tax:</i>	
Green Acres Value Deferral	
Rural Preserve Value Deferral	
Open Space Deferral	
Platted Vacant Land Deferral	
Exclusion for Veterans With Disabilities	
Mold Damage Exclusion	
Homestead Market Value Exclusion	\$23,000
	\$23,800
Taxable Market Value (TMV)	\$135,000
	\$126,200
<i>The following values (if any) are reflected in your estimated and taxable market values:</i>	
New Improvement Value	
<i>The classification(s) of your property affect the rate at which your value is taxed.</i>	

The following meetings are available to discuss or appeal your value and classification:

Local Board of Appeal and Equalization/Open Book

County Board of Appeal and Equalization Meeting

10 a.m. April 16, 2021
Spruceville Town Hall 123
Main Street, Spruceville

5 p.m. June 15, 2021
Spruce County Courthouse
345 12th Street East, Spruceville

Appealing the Value or Classification of Your Property

Informal Appeal Options - Contact Your Assessor

If you have questions or concerns, the assessor can help explain the details of your property's valuation and classification. Contact information for your assessor's office is on the other side of this notice.

Some jurisdictions choose to hold open book meetings to allow property owners to discuss their concerns with the assessor. If this is an option available to you, the meeting time(s) and location(s) will be indicated on the other side of this notice.

Formal Appeal Options

If your questions or concerns are not resolved after meeting with your assessor, you have two formal appeal options:

Option 1 - The Boards of Appeal and Equalization

You may appear before the Boards of Appeal and Equalization in person, through a letter, or through a representative authorized by you. The meeting times and locations are on the other side of this notice. **You must have presented your case to the Local Board of Appeal and Equalization BEFORE appealing to the County Board of Appeal and Equalization.**

Step 1- Local Board of Appeal and Equalization

If you believe your value or classification is incorrect, you may bring your case to the Local Board of Appeal and Equalization. Please contact your assessor's office for more information. If your city or township no longer has a Local Board of Appeal and Equalization (as indicated on the other side of this notice) you may appeal directly to the County Board of Appeal and Equalization.

Step 2- County Board of Appeal and Equalization

If the Local Board of Appeal and Equalization did not resolve your concerns, you may bring your case to the County Board of Appeal and Equalization. Please contact the county assessor's office to get on the agenda or for more information.

Option 2 - Minnesota Tax Court

Depending on the type of appeal, you may take your case to either the Small Claims Division or the Regular Division of Tax Court. You have until April 30 (October 1 for manufactured homes assessed as personal property) of the year in which taxes are payable to file an appeal with the Small Claims Division or the Regular Division of Tax Court for your valuation and classification.

For more information, contact the Minnesota Tax Court:
Phone: 651-539-3260 or for MN Relay call 1-800-627-3529
On the web: www.mn.gov/tax-court

Definitions

Exclusion for Veterans With Disabilities - Veterans with qualifying disabilities may be eligible for a valuation exclusion on their homestead property.

Estimated Market Value - This value is what the assessor estimates what your property would likely sell for on the open market.

Green Acres - Applies to class 2a agricultural property that is facing increasing values due to pressures not related to the agricultural value of the land. This value is determined by looking at what comparable agricultural land is selling for in areas where there is no development pressure. The taxes on the higher value are deferred until the property is sold, transferred, withdrawn, or no longer qualifies for the program.

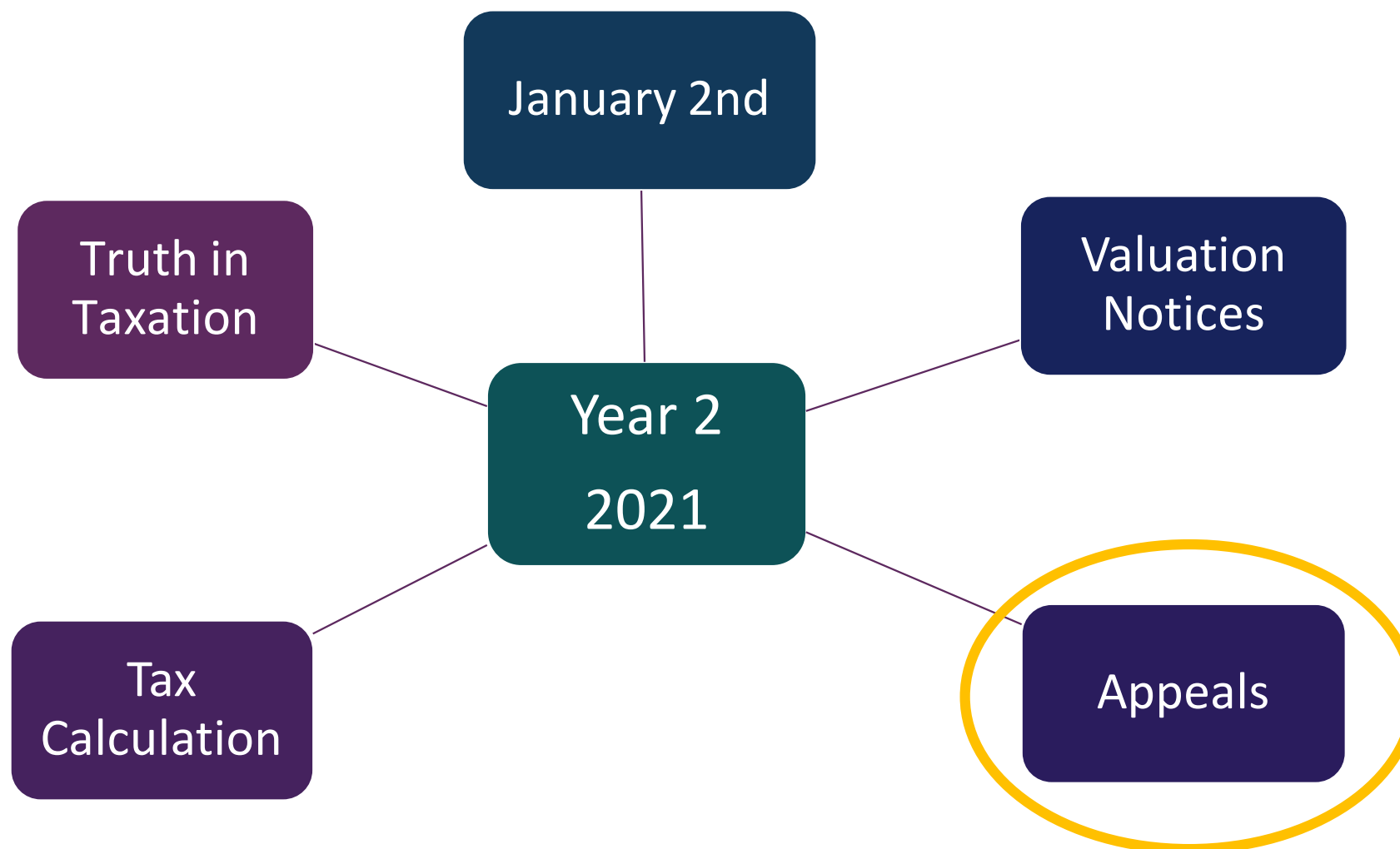
Homestead Market Value Exclusion - Applies to residential homesteads and to the house, garage, and one acre of land for agricultural homesteads. The exclusion is a maximum of \$30,400 at \$76,000 of market value, and then decreases by nine percent for value over \$76,000. The exclusion phases out for properties valued at \$413,800 or more.

New Improvements - This is the assessor's estimate of the value of new or previously unassessed improvements you have made to your property.

Plat Deferral - For land that has been recently platted (divided into individual lots) but not yet improved with a structure, the increased market value due to platting is phased in over time. If construction begins, or if the lot is sold before expiration of the phase-in period, the lot will be assessed at full market value in the next assessment.

Rural Preserve - Applies to class 2b rural vacant land that is part of a farm homestead or that had previously been enrolled in Green Acres, if it is contiguous to agricultural land enrolled in Green Acres. This value may not exceed the Green Acres value for tilled lands. The taxes on the higher value are deferred so long as the property qualifies.

Taxable Market Value - This is the value that your property taxes are actually based on, after all reductions.



Local Boards of Appeal and Equalization (LBAE)

- If a jurisdiction has a Local Board, they meet between April 1 and May 30
 - Board members are usually the city council or township board
 - Jurisdictions without local board meetings hold Open Book meetings, which are more informal meetings between the property owner and the assessor
 - Local board members have the authority to change estimated market values and classifications of property

County Boards of Appeal and Equalization (CBAE)

All counties must hold County Board of Appeal and Equalization meetings starting after the 2nd Friday in June until June 30.

- Board members are usually the members of the County Board
- Board members have the authority to change estimated market values and classifications of property
- County board members can overturn a decision made by the local board

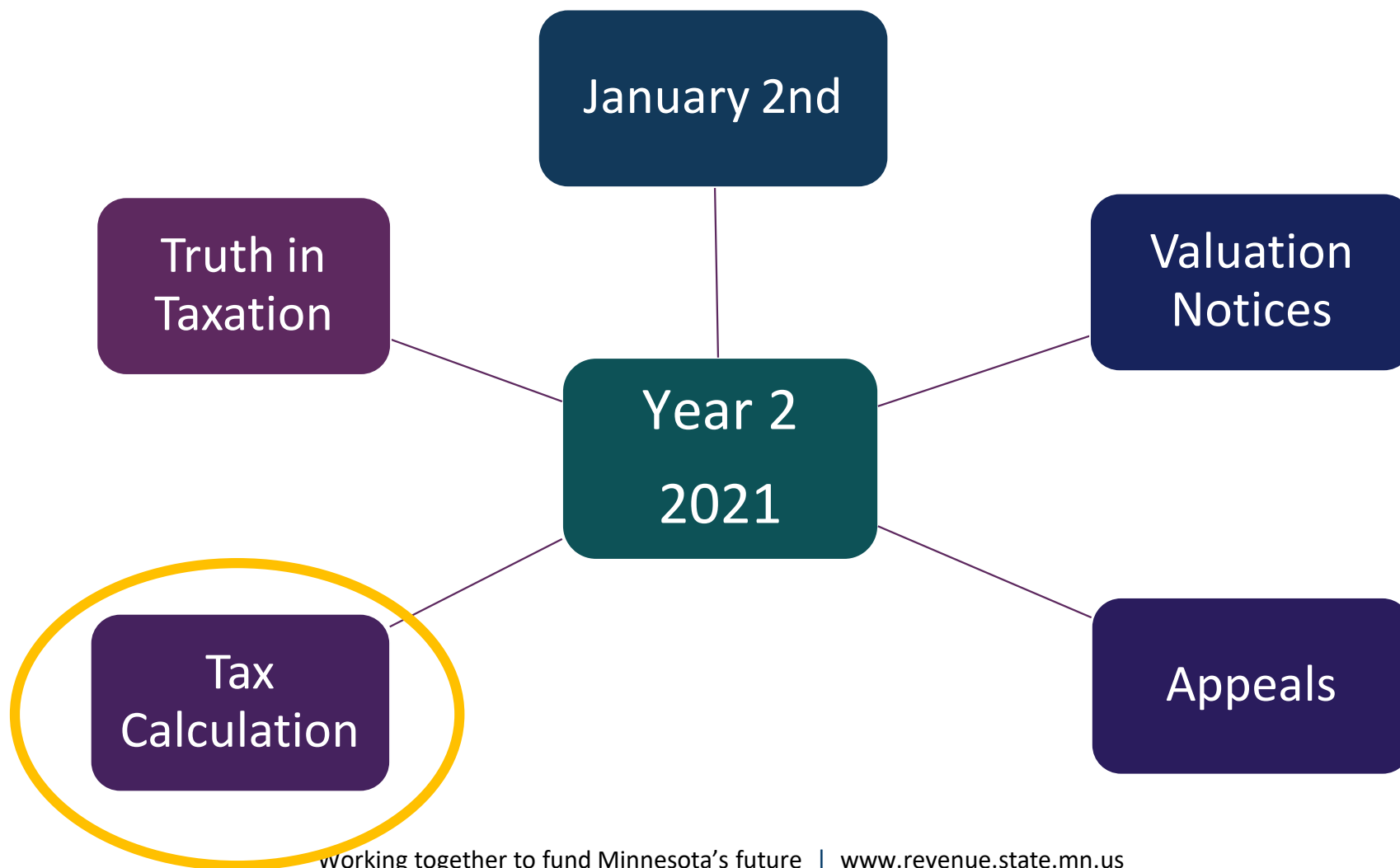
Once the CBAE is adjourned, all values and classifications are final

Year 1

Year 2

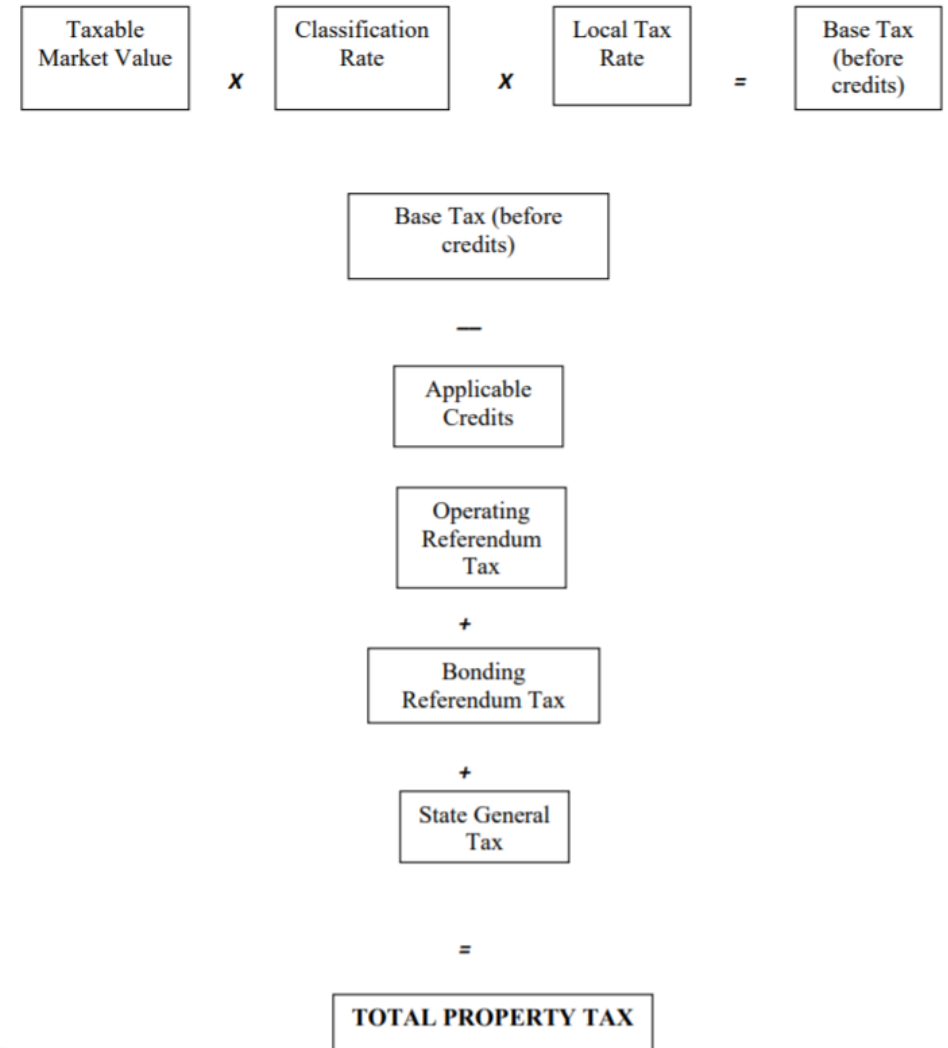
Year 3

Assessment Year



The Tax Calculation Process

- Determine the **levy**- amount of property tax revenue needed
- Determine the total tax capacity
 - This is the sum of the Net Tax Capacity for all taxable buildings.
 - Remember Net Tax Capacity= Taxable Market Value x Classification Rate
- Determine the local tax rate
 - $\frac{\text{Property Tax Levy}}{\text{Total Tax Capacity}}$



Fall 2020 - Tax Calculation Examples

Example 1

Total EMV = \$305,000

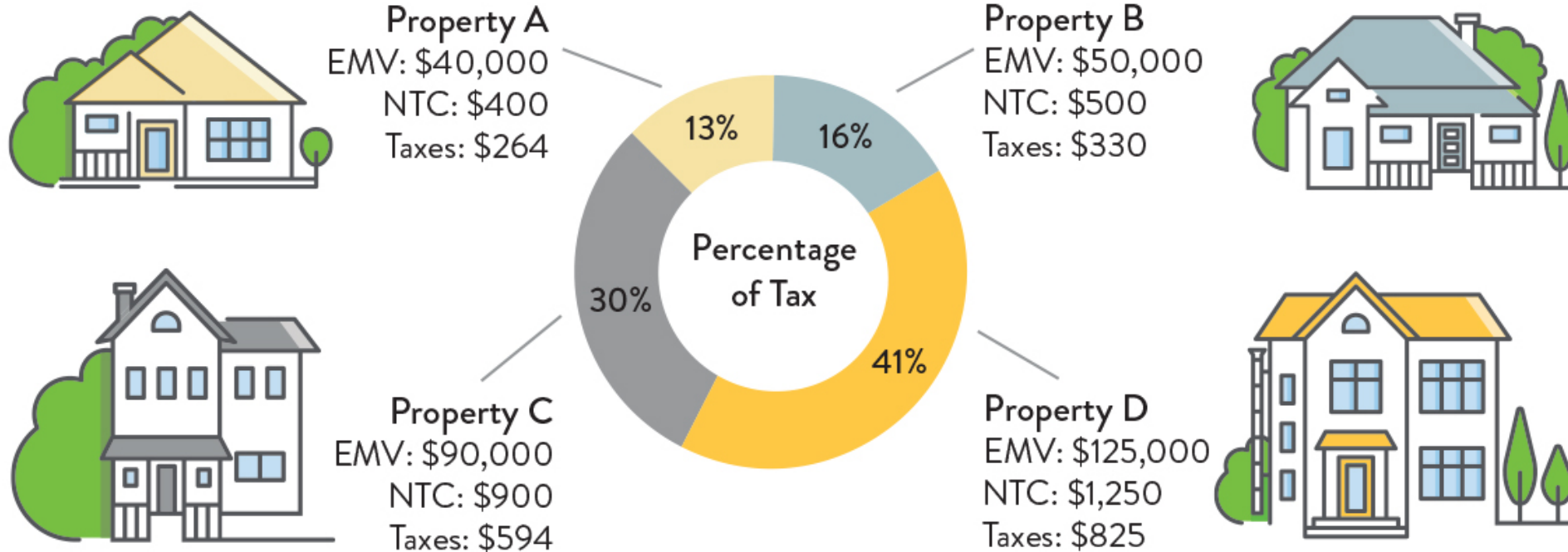
Class Rate = 1%

Total Tax
Capacity= \$3,050

Township Levy = \$2,000

Tax Rate = 66%

The values and corresponding share of the tax burden for the four properties before the meeting of the Local Board of Appeal and Equalization.

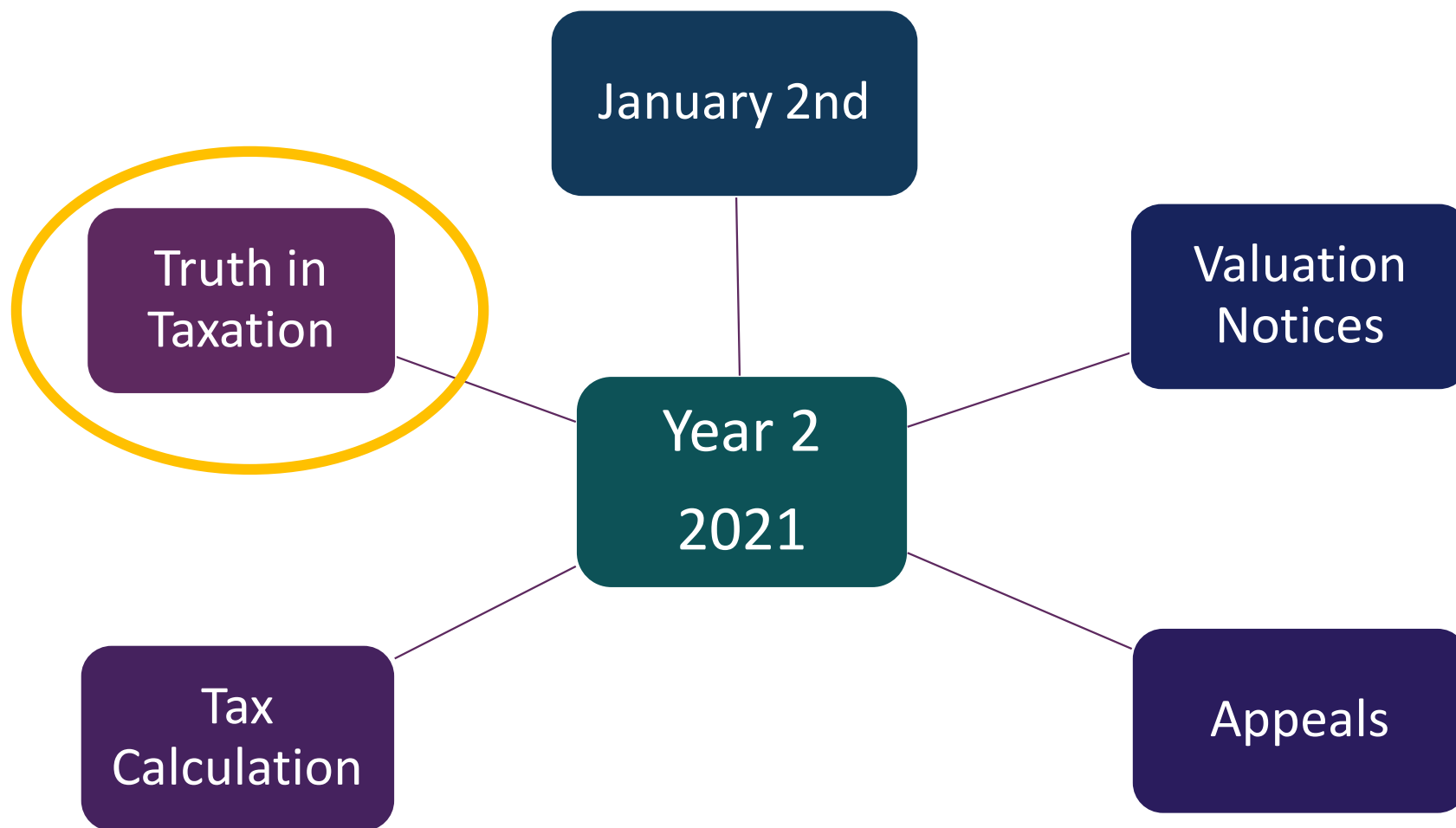


Year 1

Year 2

Year 3

Assessment Year



Truth-in-Taxation (TNT) Notice

- Mailed to property owners in November
- Indicates anticipated property tax for the following year, assuming the budget holds
 - Also includes the taxable market value and classification for the prior two assessment years, and actual taxes paid for the current and previous year
- Shows the estimated amount of tax attributed to the county, city, school district, and state general tax (if applicable)
- Counties and cities with a population over 500, school districts, and metropolitan special taxing districts must hold a meeting for public feedback



Spruce County
 Jane Smith, Auditor-Treasurer
 345 12th Street East, Box 78
 Spruceville, MN 55555-5555
 (555) 345-6789
 www.co.spruce.mn.us

TAXPAYER(S):

John and Mary Johnson
 123 Pine Rd S
 Spruceville, MN 55555-5555

Property Information

PIN Number: 01.234.56.789.R1 Property Address: 789 Pine Rd S
 Spruceville, MN 55555

Property Description:
 Lot 1, Block 1, Spruce Acres Subdivision

PROPOSED TAXES 2021

THIS IS NOT A BILL. DO NOT PAY.

VALUES AND CLASSIFICATION			
Step	Taxes Payable Year	2020	2021
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class	Res NHmstd	Res Hmstd
PROPOSED TAX			
Step 2	Property Taxes before credits	\$1,562.46	
	School building bond credit	\$ 12.00	
	Agricultural market value credit		
	Other credits		
	Property Taxes after credits	\$1,550.46	
Step 3	PROPERTY TAX STATEMENT		
	Coming in 2021		
The time to provide feedback on PROPOSED LEVIES is NOW			

Sample TNT

Proposed Property Taxes and Meetings by Jurisdiction for Your Property

Contact Information	Meeting Information	Actual 2020	Proposed 2021
State General Tax	No public meeting	\$0	\$0
County of Spruce Spruce County Courthouse 123 Spruce St Spruceville, MN 55555 www.co.spruce.mn.us (555) 123-4567	December 4, 7:00 PM	\$438.06	\$484.18
City of Spruceville Mayor's Office 456 Spruce St Spruceville, MN 55555 www.ci.spruceville.mn.us (555) 123-7654	December 3, 6:30 PM Spruceville City Hall	\$273.79	\$312.06
Spruceville School District 999 150 1st St N Spruceville, MN 55555 www.spruceville.k12.mn.us (555) 123-6789 Voter Approved Levies Other Levies	December 10, 7:00 PM Spruceville High School Cafeteria	\$289.35 \$340.11	\$296.68 \$374.60
<i>Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district's voter approved property tax for 2021 may be higher than the proposed amount shown on this notice.</i>			
Metro Special Taxing Districts		\$57.76	\$58.70
Spruceville Metropolitan Council www.spruce.metrocouncil.org (555) 555-5555 Spruceville, MN 55055	December 11, 7:30 PM Spruce Park Centre 500 Pine St.		
Other Special Taxing Districts Tax Increment Tax	No public meeting No public meeting	\$12.80 \$10.15	\$13.02 \$11.22
Total excluding any special assessments		\$1,422.02	\$1,550.46 9.0%

What Else Should You Know?

Your local units of government have proposed the amounts they will need to levy in 2021.

The following circumstances could change these amounts:

- Upcoming referenda
- Legal judgments
- Natural disasters
- Voter-approved levy limit increases, or
- Special assessments

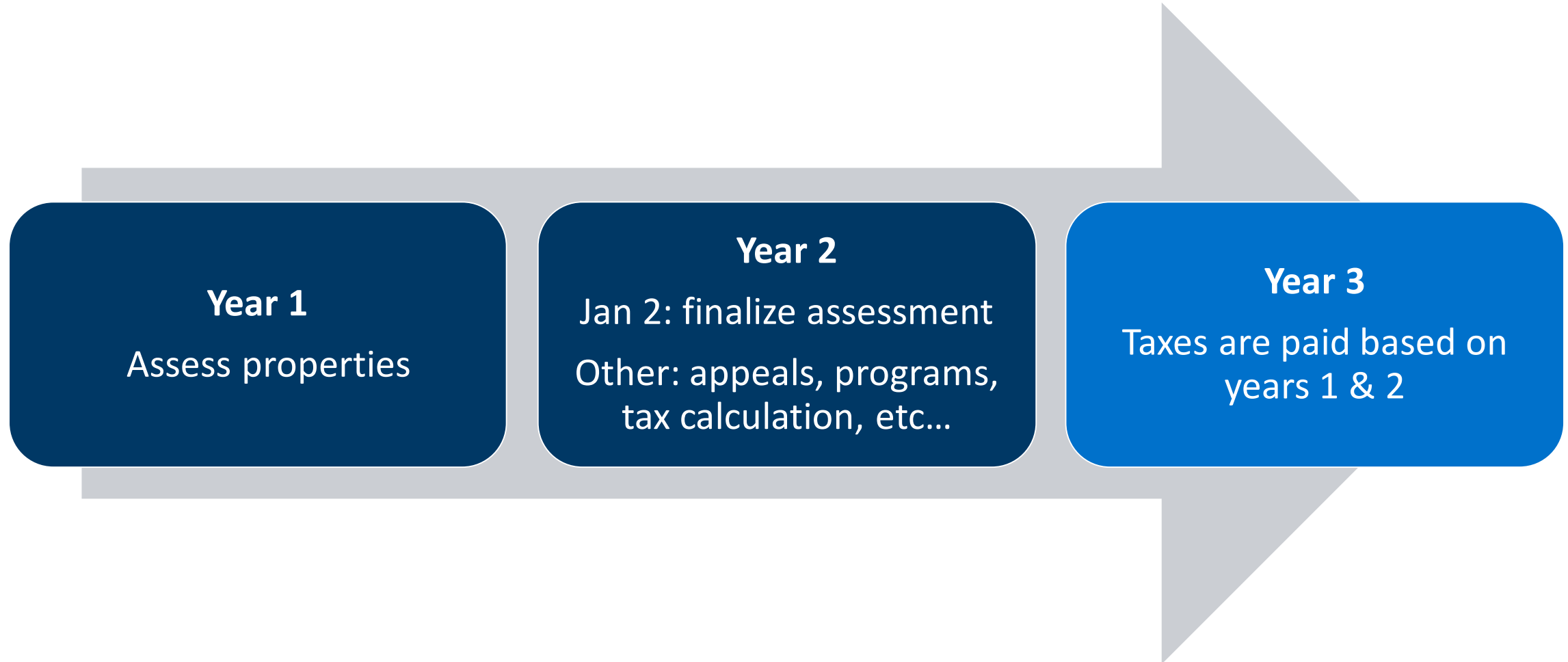
Your county commissioners, school board, city council (if your property is located in a city with a population over 500), and metropolitan special taxing district will soon be holding meetings to discuss the 2021 budgets and proposed 2021 property taxes. (The school board will discuss the 2020 budget.) You are invited to attend these meetings to express your opinion.

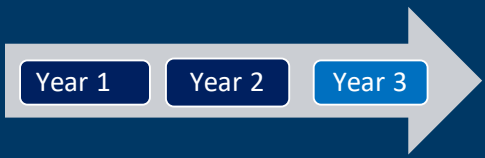


Wrap up the assessment year

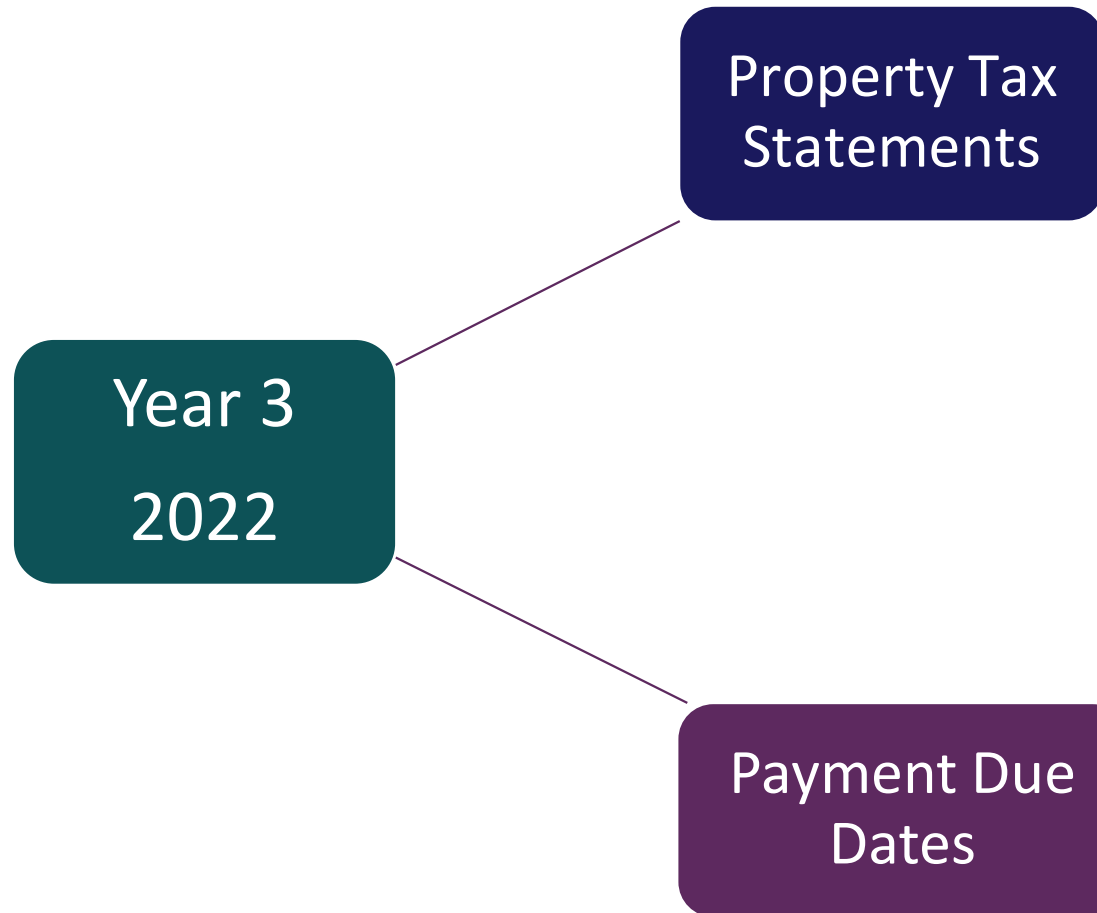
- After the Truth in Taxation process is completed, final budgets are adopted, and final levies are certified to the Department of Revenue
- The county auditor begins finalizing tax rate calculations
- At this time, assessors are finalizing values, classifications, homesteads, and more to prepare for the next assessment year (January 2, 2022).

Three Year Process





Taxes Payable Year



Final tax rates are computed, and tax statements are prepared

The treasurer is responsible for printing and mailing the tax statements

The statements must be mailed to each taxpayer no later than March 31

The statement must contain:

- EMV and Classification
- TMV
- Gross tax before credits
- Credits
- Net tax payable amount
- Payment due dates for taxes

Year 1

Year 2

Year 3



Spruce County

Jane Smith, Auditor-Treasurer
345 12th Street East, Box 78
Spruceville, MN 55555-5555
(555) 345-6789
www.co.spruce.mn.us

TAXPAYER(S):

John and Mary Johnson
123 Pine Road South
Spruceville, MN 55555-5555

Property ID Number: 01.234.56.7890.R1

Property Description:

Lot 5, Block 13 of the Spruceville Estates Addition to
the City of Spruceville.

Tax Statement

2021

2020 Values for Taxes Payable in

Step	Values and Classification		
	Taxes Payable Year:	2020	2021
1	Estimated Market Value:	\$141,100	\$143,000
	Homestead Exclusion:	\$25,261	\$24,712
	Taxable Market Value:	\$107,839	\$114,488
	New Improvements:	\$0	\$0
Property Classification:		RES HMSTD	RES HMSTD
Sent in March 2020			
2	Proposed Tax		
	Proposed Tax:		\$1,570
Sent in November 2020			
3	Property Tax Statement		
	First-half Taxes:		\$777.13
	Second-half Taxes:		\$777.13
	Total Taxes Due in 2021:		\$1,554.26

\$\$\$

REFUNDS?

You may be eligible for one or even two
refunds to reduce your property tax.

Read the back of this statement to
find out how to apply.

Tax Detail for Your Property:

Taxes Payable Year:	2020	2021
1. Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.	<input type="checkbox"/>	\$1,531.10
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	\$1,428.92	
Property Tax and Credits		
3. Property taxes before credits	\$1,428.92	\$1,531.10
4. Credits that reduce property taxes		
A. Agricultural and rural land credits	\$0.00	\$0.00
B. Tacanite tax relief	\$0.00	\$0.00
C. Other credits	\$0.00	\$0.00
5. Property taxes after credits	\$1,428.92	\$1,531.10
Property Tax by Jurisdiction		
6. County	\$438.06	\$474.18
Regional Rail Authority	\$5.96	\$6.18
7. City or Town	\$273.79	\$302.06
8. State General Tax	\$0.00	\$0.00
9. School district		
A. Voter approved levies	\$289.35	\$296.68
B. Other local levies	\$340.11	\$364.60

Taxes Payable Year:	2020	2021
10. Special Taxing Districts		
A. Metropolitan special taxing districts	\$64.66	\$69.34
B. Other special taxing districts	\$10.15	\$11.22
C. Tax increment financing	\$0.00	\$0.00
D. Fiscal disparity	\$0.00	\$0.00
11. Non-school voter-approved referenda levies	\$0.00	\$0.00
12. Total property tax before special assessments	\$1,422.08	\$1,524.26
Special Assessments		
13. Special assessments		
A. Curb and street improvements	\$30.00	\$30.00
B.		
C.		
14. TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	\$1,452.08	\$1,554.26

2 2nd Half Payment Stub - Payable 2021

To avoid penalty, pay on or before October 15, 2021.

*Second Half due November 15, 2021, if box is checked. ☐

Total Property Tax for 2021: \$ 1,554.26

Second-half payment due October 15*: \$ 777.13

Penalty, if any: \$

If penalty, total: \$

PROPERTY ID NUMBER: 01.234.56.7890.R1

TAXPAYER(S):

John and Mary Johnson
123 Pine Road South
Spruceville, MN 55555-5555

PAYABLE TO:
SPRUCE COUNTY
AUDITOR-TREASURER
345 12th Street East, Box 78
Spruceville, MN 55555-5555

Your canceled check is your receipt. Do not send cash.

1 1st Half Payment Stub - Payable 2021

To avoid penalty, pay on or before May 17, 2021.

Total Property Tax for 2021: \$ 1,554.26

First-half payment due May 17: \$ 777.13

Penalty, if any: \$

If penalty, total: \$

PROPERTY ID NUMBER: 01.234.56.7890.R1

TAXPAYER(S):

John and Mary Johnson
123 Pine Road South
Spruceville, MN 55555-5555

PAYABLE TO:
SPRUCE COUNTY
AUDITOR-TREASURER
345 12th Street East, Box 78
Spruceville, MN 55555-5555

Your canceled check is your receipt. Do not send cash.

Spring of 2022

11/5/2020

ate.mn.us

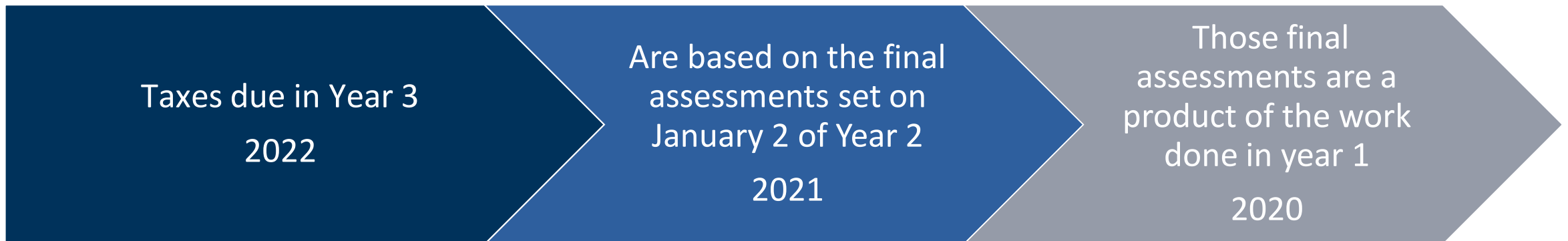
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Payment Due Dates

- Two Installments
- May 15 and October 15
- Penalties for late payments



Three Year Process



Resources

For more information:

- Contact a county assessor or auditor/treasurer office
- Contact the property tax division via email:
 - Assessment questions: proptax.questions@state.mn.us
 - Auditor/treasurer questions: PropTax.Admin@state.mn.us



PRISM

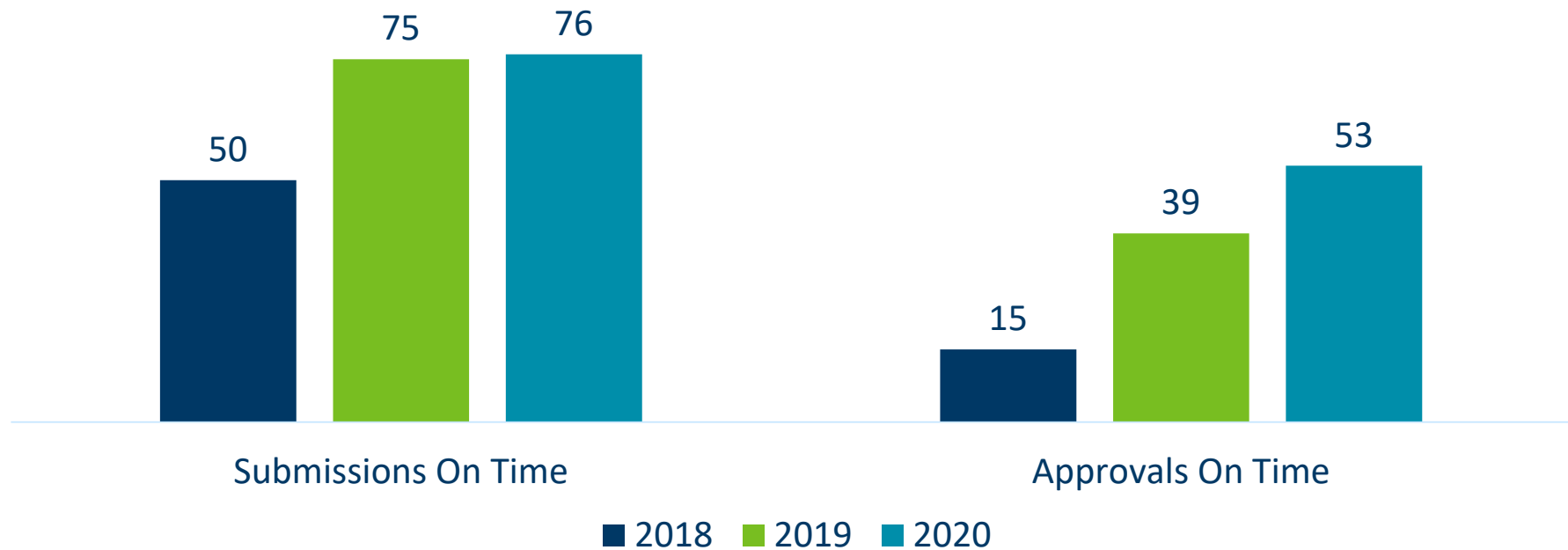
Arta Ankrava | Research Analysis Specialist



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- PRISM submission progress update
- Recent changes to PRISM reporting: 'Every parcel, every year'
- Looking ahead: reports, maps, time trends

PRISM Submission 2 Progress



Every Parcel, Every Year

- Started with PRISM Submission 2, September 1, 2020
- Includes valuation data for powerline parcels that are:
 - Taxed locally
 - At countywide average rate
 - Exempt
- PRISM Submission 3 includes valuation and taxation data for all taxable powerline parcels
- Reassessment of exempt property remains on a six-year cycle

Looking Ahead

- Interactive Property Tax Data portal updated through taxes payable 2020
 - Reports
 - Maps
 - Use 2016 data
 - Time trend maps in the future possible

Thank You!

PRISM Team

PRISM.Mdor@state.mn.us

Sales Ratio Studies for SAPS

Taylor Forsyth | Research Analyst Specialist Senior



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Sales Ratio Study

PRISM



$$\text{Sales Ratio} = \frac{\textit{Estimated Market Value (EMV)}}{\textit{Sale Price}}$$

eCRV



- Not all sales are used
- Sale prices may be adjusted
- EMVs may be adjusted
- Ratios are calculated

State Assessed Ratios

- Commercial and Industrial Median Ratio
 - 6 sale minimum
- Countywide Weighted Median
 - Weighted by EMV percentage
- Search Sales Ratio Criteria on our website

Thank You!

Taylor Forsyth

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