

General Property Tax Law: Table of Contents

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## Introduction to Tax Policy

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### Background and History

Minnesota's tax system predates statehood. In 1849, the first territorial assembly established a property tax levy to support schools – nine years before Minnesota became a state in 1858. Today, the states acquire the necessary revenue to provide public services to their citizens such as public schools, police protection, health and welfare benefits, and the operation of the state government through tax collection, fees and licenses, as well as money from the federal government. Among the common types of taxes that many states currently impose are personal income tax, corporate income tax, sales tax, and real property tax.

### Introduction to Tax Policy

#### *Revenue Resources*

There are several ways that a government can obtain the necessary resources for operation. These include:

1. **Voluntary contributions** – may be time or monetary contributions and can include parents volunteering in their children's schools, volunteering to serve on advisory boards, etc.
2. **Public sector owns its own resources** – parks, national defense, public education, etc. Some require patrons to pay a fee for the service such as park entrance fees, or state university tuition.
3. **The government may "take" what it needs** – eminent domain, jury duty, etc. These may be considered to be arbitrary due to a perceived "need."
4. **Taxation** – this is necessary when numbers 1-3 above do not generate enough revenue to cover expenditures. There is always an argument over increasing a tax rate or decreasing expenditures.

#### *Functions of a Tax System*

1. **Source of revenue** – The main purpose of taxation is to raise revenue for government (at all levels) to provide for the common welfare of the people. Different goods and services are provided at different levels of the government –federal, state, and local.
2. **Encourage beneficial consumption** – Just as prices affect consumer decisions in the private sector, taxes can affect behavior by encouraging or discouraging certain activities. Examples include: tax credits for arts education, buying hybrid vehicles, owning your own home, taxes on cigarettes, etc.
3. **Changing income distribution of society** – By "taking from the rich and giving to the poor," governments level the pre-tax income distribution. Currently, the income tax system, in a simplistic form, is designed to do this by taxing greater income at a higher rate. This effect is tempered by deductions and credits.
4. **Stabilization** – Primarily a concern of the federal government rather than state or local governments, it reflects the effects tax changes have on inflation and unemployment. It

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## Introduction to Tax Policy

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may also occur at the state or local level when jurisdictions use tax changes to attract businesses and create new jobs (e.g., the JOBZ program).

### ***Characteristics of a Good Tax System***

Many analysts agree that a good overall tax system includes a broad base (many or all goods/services are taxed) with a low tax rate. They believe a balanced, multi-tax system that consists of a combination of income, sales, and property taxes allows governments to most efficiently meet their revenue needs. The following characteristics are considered to be characteristics of a good tax system.

1. **Stability** – the ability of a tax system to generate a stable level of income for the government amid changing economic conditions. This implies that there is not a single tax system, but rather a multiple set of taxes. Typically, sales and income taxes are much more prone to economic upturns and downslides. Property taxes are considered to be a much more stable revenue source because jurisdictions levy what they need.
2. **Efficiency** – the effect a tax has on resource allocation. A tax may change the price of a product or service. The change in price may lead to a reallocation of resources due to a change in behavior as a result of the tax. The goal of tax policy is to minimize the negative effects on economic efficiency.
3. **Elasticity** – response of a tax to changing economic conditions. Income and sales tax revenues are quite volatile due to economic conditions. They expand during good times and contract during bad. Property taxes generally produce a more stable revenue flow.
4. **Political Acceptability** – citizens know what the tax is used for and generally consider the system to be fair.
5. **Administrative Simplicity** – both collection and compliance should be simple to administer.

### ***Types of Tax***

There are three main tax types collected in the state of Minnesota:

1. income taxes
2. sales or excise taxes
3. property taxes

There are numerous sub-categories, including liquor taxes, tobacco taxes, gambling taxes, mortgage and deed taxes, petroleum taxes, estate taxes, etc.

**Income Tax** is a tax on such items as wages, capital gains, dividend and interest income, etc.

- There is a federal income tax, which is paid to the United States Treasury.
- Some states have no individual income tax while a few states only tax dividend and interest income.
- Very few local governments tax income.

## Introduction to Tax Policy

- One of the strengths of the income tax is that taxpayers can anticipate their tax liability based on their rate of earnings. The income tax is considered to be more closely related to ability to pay than the sale tax.
- One of the weaknesses is that it is an unstable tax in that it is difficult for government to predict the amount of income tax it will receive due to changing economic cycles. It is also a complicated tax; however administering state income tax is easier if state regulations conform to federal income tax regulations.

**Sales Tax** is based on the price paid for taxable items and is generally considered to be a consumption-based tax.

- It is generally enacted by states.
- Local governments can also collect an additional sales tax.
- The sales tax is also somewhat unstable and difficult to predict due to changing economic conditions.
- It is complex for states and businesses to administer and it has an uneven application in that some goods and services are taxed while others are not.
- Many analysts agree that it is most effective when sales tax applies to most, if not all, goods and services. In reality, many goods and services are excluded from sales tax. These exemptions vary from state to state.
- Sales tax rates also vary from state to state.
- Some local governments in Minnesota also have a local-option sales tax where they have received legislative approval to add an additional tax percentage to goods and services purchased in their jurisdictions. This additional funding is used for a variety of local purposes. This can lead to compliance issues and confusion among providers.
- Sales tax is generally considered to be regressive in that it has greater impact on low-income taxpayers than high-income taxpayers. Exempting basic items such as food, clothing, and prescription drugs make the sales tax less regressive.

**Property Tax** in Minnesota is an “ad valorem” tax. This means that property is taxed according to its value.

- Property tax is a major source of revenue for local units of government including cities, counties, and school districts.
- It is also the only tax that is subject to local review.
  - Values and classifications may be appealed to Local and County Boards of Appeal and Equalization and/or Tax Court.
  - In addition, public hearings (Truth in Taxation hearings) must be held each year by local units of government to discuss the upcoming year’s budget.
- The property tax assessor is a key person in local government. Appraised values that are used for tax purposes must be accurate and equalized so the tax burden will be distributed fairly.

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## Introduction to Tax Policy

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- Property taxes are a stable and predictable source of revenue for local units of government.
- However, the property tax system in Minnesota is also complicated and may not be predictable for the taxpayer. It may not reflect ability to pay based on a taxpayer's current income.

Minnesota's power of taxation is found in [Article X](#) of the **Constitution of the State of Minnesota**. The article states that the power of taxation will never be surrendered, suspended, or contracted away. It also states that the taxes will be uniform upon the same class of subjects and will be levied for public purposes. This "**uniformity clause**" is important in that it permits the use of different classification rates to be applied to different classes of property.

[Article X](#) also exempts certain types of properties from taxation. These exemptions include public burying grounds, public schools, public hospitals, academies, colleges, universities, all seminaries of learning, all churches, church property, houses of worship, institutions of purely public charity, and public property used exclusively for public purposes. However, the Legislature may define or limit the properties exempted by Article X except for churches, houses of worship, and properties used solely for educational purposes by colleges, universities, academies, and seminaries of learning.

Property taxes are paid annually by all property owners and renters. Up until 2001, property taxes were solely levied and collected at the local level. In 2001, the Legislature enacted the state general tax, which is paid by several classes of property, including classes 4c(1) and 4c(12) seasonal residential recreational, class 3a commercial/industrial, and class 5 "all other." This portion of the property tax is levied by the state, but it is collected by each county as part of the property tax.

Before property taxes are levied, it is necessary for each level of local government (cities, townships, counties, and school boards) to determine their funding needs for the upcoming year. This budget amount (less all non-property tax revenue such as state aid, fees, etc.) is divided by the total tax capacity of property to obtain the local property tax rate.

### Proportional Tax

A tax is said to be proportional if the same amount of tax is paid on the first dollar as is paid on the last dollar. For example, assume there is a flat income tax rate of 5 percent. A taxpayer earning \$1 per year would pay \$0.05 in income tax. A taxpayer earning \$10,000 per year would pay \$500 per year in income tax; and a taxpayer earning \$1 million per year would pay \$50,000 in income tax.

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**Introduction to Tax Policy**

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This same concept could be applied to property tax. Assume there is a flat property tax rate of 1 percent per year. In this case, a property valued at \$100,000, regardless of its classification, would pay \$1,000; and a property valued at \$1 million would pay \$10,000.

**Progressive Tax**

With a progressive tax, as income increases, the tax rate increases. Our current system of income tax is a progressive tax. Taxpayers who earn less money generally pay less in the form of income tax in relation to their total income. As a taxpayer's income increases, the tax rate increases as well.

**Regressive Tax**

With a regressive tax, the proportional tax burden would be higher on lower incomes or property values. The property tax is generally regressive. However, several factors make the current system "less regressive." These factors include: the different classifications for different types of property, the state property tax refund, and homestead credits.

***Advantages of the Property Tax***

As a general rule, property tax is considered to be a "fair" tax, in that there are no loopholes to prevent people from paying property taxes. Wealth in the form of property cannot be hidden, unlike the income tax system where income is more likely to be sheltered or hidden. Another advantage of the property tax system is that most of the money is spent locally. Up until 2002, all of the money collected from property taxes was spent locally. In 2002, the state began collecting the state general tax, which is only levied on certain types of property. This money goes into the state general fund.

Property assessments are subject to local review. If taxpayers do not agree with the assessed value or the classification of their property, they can appeal it to the Local or County Boards of Appeal and Equalization and/or to Tax Court.

Property tax is elastic. It can be adjusted to control the flow of revenue. Because a jurisdiction only receives what it levies, there is no surplus or deficit.

However, the property tax is also one of the most unpopular taxes. This may be attributed to the way the tax is collected. Instead of having a portion withheld from each paycheck as is the case with income tax, property tax bills are sent out once a year to be paid in two equal installments.

Another unintended consequence of the property tax is that in a market that is quickly appreciating, property owners who have held a property for a long time may find it difficult to pay any property taxes that are based on the current market value.

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**Introduction to Tax Policy**

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Some of the main reasons why the property tax has become so unpopular especially in recent years include:

1. There is a growing dislike of it among those in the economic development community because tax rates can vary widely between local jurisdictions. A high local tax rate can discourage new industries from locating within that jurisdiction.
2. There is a growing dislike of it among believers in per-pupil spending equality in public school education.
3. There is a continued belief that property taxes are regressive (greater impact on the poor than on the wealthy).
4. Taxpayers dislike it because they believe it is based on a “hypothetical” value and is levied on wealth, rather than income, and is therefore not necessarily based on the ability to pay. Some taxpayers may be property-rich but cash-poor.
5. Property taxes are highly visible and paid in large, lump-sums.

There also seems to be a public relations issue in that the average person does not understand the property tax system and what factors affect their property taxes. Many taxpayers think that assessors raise market values in order to raise property tax revenue. This is simply not the case, but the stigma is there. For these reasons, property taxes may be seen as being more of a burden than the other taxes.

***Reporting of Property Tax in PRISM***

In the past, County Auditors and County Assessors reported summarized data to the Department of Revenue in the form of nine abstract files. The Department of Revenue implemented PRISM (an acronym for the Property Record Information System of Minnesota), in 2016 to replace these abstracts. Counties now submit four standardized files each year. These files contain much more specific data, which provides a better picture of the property tax system as a whole. This helps determine if the tax system is functioning according to legislative intentions, and helps model proposed changes to the tax system. It also increases the equalization of property values through better studies.

More information about PRISM submissions and reporting can be found in the [A/T Manual](#) and on the [PRISM website](#).

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## Three Branches of Minnesota State Government

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### Three Branches of Minnesota State Government

Minnesota's state government has three branches: executive, legislative, and judicial.

#### ***Executive Branch***

The executive branch is made up of the Governor, Lieutenant Governor, the Secretary of State, the State Auditor, the State Treasurer, and the Attorney General, as well as numerous state departments and agencies. The Minnesota Tax Court is a specialized, executive branch court specifically established by the Minnesota Legislature to hear only tax-related cases.

There are 24 departments within the executive branch (May 2019). Each department is led by a Commissioner (except for Military Affairs which is led by the Adjutant General) who is appointed by the Governor. The Department of Revenue is an executive department and serves to achieve compliance with the tax laws of Minnesota. The Property Tax Division is part of the Department of Revenue.

The main duties of the executive branch are to administer the laws passed by the Legislature and to see that state government runs smoothly and efficiently.

#### ***Legislative Branch***

The legislative branch includes the bicameral Legislature, which consists of the House of Representatives and the Senate, along with any legislative commissions (i.e. the Legislative Commission on Public Education). Their main duties are to make laws for the state and its people, as well as to propose amendments to the state Constitution.

As with any law, property tax legislation can change on an annual basis. These changes can include class rate changes, tax program changes, state aid changes, etc. It is important to keep up with the many changes that happen in any given year. Each year, the Department of Revenue produces a summary of the new law changes and disseminates it to the state's 87 counties and any cities with their own assessor.

#### ***Judicial Branch***

The judicial branch comprises the Supreme Court, Court of Appeals, District Court, and Conciliation Court. In addition, any judicial councils and boards, such as the State Board of Law Examiners are part of the judicial branch. Their main duties are to interpret the meaning of the law and to decide if anyone has broken the law.



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**Local Units of Government**

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**Local Units of Government**

The term “local government” is a general term for those governmental entities or political subdivisions of the state that provide functions and services at the local level. In Minnesota, the term usually refers to counties, towns (townships), and cities.

**Counties**

There are 87 counties in Minnesota. Duties and services provided by county governments include assessment of property, recordkeeping, construction and maintenance of roads, social services, corrections, child protection, library services, hospitals and nursing homes, public health services, planning and zoning, economic development, parks and recreation, water quality, and solid waste management.

County Boards of Commissioners are the governing bodies of Minnesota’s counties. County boards are elected by district, serve a four-year term, and are responsible for the operation of the county and delivery of county services. Generally, the number of commissioners on a county board is five. However, counties with more than 100,000 residents may, by board resolution, increase the size of the county board from five to seven members.

**Cities**

As of August 1, 2009, there were 855 cities in Minnesota. The Legislature has described cities as the type of government that most efficiently provides governmental services in areas intensively developed for residential, commercial, industrial, and governmental purposes. Minnesota cities provide a wide range of services to their citizens.

There are two types of cities: statutory cities, which are organized and operate under the options provided in the statutory city code and other laws, and home rule charter cities, which are organized and operate under their individual charters and other laws.

City Councils are the governing bodies of Minnesota’s cities. Although not all statutory cities have the same elected offices, all must have a mayor and at least three council members. Whether a statutory city elects other officers depends on several factors, including the plan of government under which it operates. For home rule charter cities, the city charter specifies the type and number of elected officials.

Cities are also classified based on population as a way for the Legislature to provide powers or impose duties as appropriate to cities of a certain size.

- First Class cities have populations of more than 100,000. The cities of Minneapolis, St. Paul, Duluth, and Rochester are First Class cities.
- Second Class cities have populations of more than 20,000, but not more than 100,000.
- Third Class cities have populations of more than 10,000 but not more than 20,000.
- Fourth Class cities have fewer than 10,000 residents.

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**Local Units of Government**

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Changes in a city's designation take effect when the Minnesota Secretary of State receives certified copies of the national census.

***Towns (Townships)***

As of 2009, there are 1,793 towns (including unorganized townships) in Minnesota. The Legislature describes township government as the form of local government that most efficiently provides governmental services in areas used or developed for agricultural, open space, and rural residential purposes.

To accommodate growing towns in need of more services, the Legislature has created a class of towns called "urban towns." Towns that have a population of at least 1,000 may exercise urban town powers (224 towns are eligible). Urban towns have many of the same powers that statutory cities have under the statutory city code.

Boards of Supervisors are the governing bodies of Minnesota's towns. Town boards are composed of three or five elected township supervisors.

***Unique Taxing Areas***

A unique taxing area is an important concept to understand when discussing property taxes. Because cities, townships, school districts, and counties have different boundaries that sometimes overlap, a unique taxing area is one in which the same set of local tax rates comprise the same total tax rate. There are currently more than 6,000 unique taxing areas in the state of Minnesota, each with its own unique local tax rate. This is discussed further in the [Auditor/Treasurer Manual](#).

## Assessment of Real Property

## Properties Subject to Taxation

All property is presumed to be **taxable**. Minnesota Statutes, [section 272.01, subdivision 1](#) provides that:

*“All real and personal property in this state is taxable, except Indian lands and other property that is by law exempt from taxation.”*

However, as stated previously, some types of properties have been exempted from property tax by either the Minnesota Constitution or by the Minnesota Legislature. Generally, information concerning the types of properties that qualify for exemption from property tax can be found in [Minnesota Statutes Chapter 272](#). These exemptions will be explored in detail in the [Module 5 – Exempt Property](#).

Primary Statutory Reference: [272.01](#)

## Definitions

**Real Property** refers to the rights, interests, and benefits connected with real estate.

Pursuant to [Minnesota Statutes, section 272.03](#), for the purposes of taxation:

**Real property** includes:

- the land itself, rails, ties, and other track materials annexed to the land, and all buildings, structures, and improvements or other fixtures on it, bridges of bridge companies, and all rights and privileges belonging or appertaining to it, and all mines, iron ore and taconite minerals not otherwise exempt, quarries, fossils, and trees on or under it.
- A building or structure includes the building or structure itself, and all improvements or fixtures annexed to the building or structure, which are integrated with and of permanent benefit to the building or structure, regardless of the present use of the building and which cannot be removed without substantial damage to itself or to the building or structure.

Real property does **not** include:

- tools, implements, machinery and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment, and mine shafts, tunnels, and other underground openings used to extract ores and minerals taxed under [chapter 298](#) together with steel, concrete, and other materials used to support such openings.

Assessment of Real Property

- The exclusion here does not apply to machinery and equipment includable as real estate above, even though such machinery and equipment is used in the business or production activity conducted on the real property if and to the extent such business or production activity consists of furnishing services or products to other buildings or structures which are subject to taxation.
- The exclusion here does not apply to the exterior shell of a structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has structural, insulation, or temperature control functions or provides protection from the elements. Such an exterior shell is included in the definition of real property even if it also has special functions distinct from that of a building. This is referred to as the **“shelter test.”**
- “Real Property” does not include property primarily used for processing of biofuels, beer, wine, distilled beverage, or dairy. However, if a component is primarily used for *storage* of a raw material or finished product of the biofuels, beer, wine, distilled beverage, or dairy processing, the component used primarily for storage is taxable real property.
- The term real property does not include tools, implements, machinery, equipment, poles, lines, cables, wires, conduit, and station connections which are part of a **telephone communications system**, regardless of attachment to or installation in real property and regardless of size, weight, or method of attachment or installation.  
*Note:* Tools, implements, machinery, equipment, poles, lines, cables, wires, conduit and station connections which are part of a telephone communications system are considered to be personal property and are exempt from taxation.

Primary Statutory Reference: [272.03](#)

**Real Estate** includes the land and any appurtenances (e.g. structures) attached to the land. It is immobile and tangible. It includes all things that are a natural part of the land such as trees, minerals, etc. as well as things that are attached to it by people such as buildings and site improvements. A *right or interest* in real estate is referred to as an **estate**.

Real estate includes a **bundle of rights** which are inherent to ownership. These rights include the right to:

- Use a property
- Sell it
- Lease it
- Enter it
- Give it away
- Choose to do some, none, or all of the rights

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## Assessment of Real Property

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The most complete ownership is a title in **fee**. This ownership establishes a **fee simple interest** in a property which is absolute ownership, unencumbered by any other estate or interest, subject only to the limits imposed by the four governmental powers of taxation, eminent domain, police power and escheat.

A **partial interest** in real estate is created by selling, leasing, or otherwise limiting the bundle of rights in a fee simple estate.

Primary Reference: *The Appraisal of Real Estate*, Appraisal Institute, 2001 edition (updated 2013)

**Personal Property** can be defined by exception: anything that is not real property is personal property. The main characteristic of personal property is that it is moveable. If it is moveable without causing damage to itself or the real estate, it is considered to be personal property.

Minnesota Statutes, [section 272.03, subdivision 2](#) defines personal property for the purposes of taxation. Most personal property has been exempted from property tax in Minnesota Statutes, [section 272.02, subdivision 9](#). Several exceptions are listed in that subdivision. Additional information on personal property can be found in [Module 5 – Exempt Property](#).

Sometimes manufactured homes can be “assessed as personal property.” This means that the owner of the manufactured home does not own the land upon which the manufactured home sits. This is explained further in [Module 2](#).

Minnesota Statutes, [section 272.03](#) states that:

- (a) *“Tract,’ ‘lot,’ ‘parcel,’ and ‘piece or parcel’ of land means any contiguous quantity of land in the possession of, owned by, or recorded as the property of, the same claimant or person.*
  
- (b) *Notwithstanding paragraph (a), property that is owned by a utility, leased for residential or recreational uses for terms of 20 years or longer, and separately valued by the assessor, will be treated for property tax purposes as separate parcels.”*

Primary Statutory Reference: [272.03](#)

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## Assessment of Real Property

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### Assessment of Real Property

#### ***Assessment Books***

The county auditor, at the expense of the county, annually provides the necessary assessment materials for each assessment district. The county auditor makes complete lists of all lands or lots subject to taxation in the real property assessment books showing the names of the owners opposite each description of property. The assessment books and blanks must be ready for delivery to the assessors on or before the first Monday in December.

County auditors may elect to discontinue use of the assessment books if the county has established an electronic data processing system or similar system to perform the processing of assessment and tax accounting.

Primary Statutory Reference: [273.03](#)

#### ***Assessment Date***

All property is valued at its market value and classified according to its use on **January 2 of each year**.

- Any improvements made to a property after January 2 will be evaluated for the following year's assessment
- Any destruction that occurs after January 2 will also be evaluated for the next assessment.
  - If a property does not have a garage on January 2, 2015, but the owner builds a garage in June 2015, the estimated market value for the 2015 assessment will reflect the lack of garage. For the 2016 assessment, the assessor will review the record and add the value of the newly-completed garage to the assessment as new construction.
  - Conversely, if a property has a garage on January 2, 2015, but it burns down on June 1, 2015, the 2015 assessment will reflect the fact that the property had a garage on January 2, 2015. The assessor will review the record and change the value to reflect the lack of garage for the 2016 assessment if a new garage has not been constructed.

#### ***Listing, Assessment, and Time***

All taxable real property is to be listed and at least **one-fifth** of the parcels listed must be physically inspected each year so that each parcel is re-inspected at maximum intervals of five years (the quintile assessment).

All exempt real property that becomes taxable during any year should be listed with reference to its value on January 2 of that year. It would be eligible for revaluation on the next assessment.

Each year on January 2, the assessor must also revalue:

### Assessment of Real Property

- All real property that has become subject to taxation since the previous assessment, including all real property platted since then;
- All property that has been devalued by more than \$100 due to destruction, fire, flood, etc.; and

All new construction of buildings or other structures of over \$1,000 in value (may be a partial value or completed value). If the value of the new construction is less than \$1,000 the value can be picked up as part of the next quintile assessment.

In addition, the assessor must list, but does not have to revalue:

- All parcels that have become homesteads or have ceased to be homesteads since the last assessment date; and
- All other parcels of land where a change in the use of the property requires a classification change or where the land has been incorrectly classified in the previous assessment.

Assessors must complete all real property assessments at least two weeks prior to the Local Board of Appeal and Equalization. **[Note:** Boards of Appeal and Equalization are discussed in [Module 8](#).]

- If a valuation and classification is not placed on any real property by the scheduled date of the Local Board of Appeal and Equalization, the previous year's assessment is used.
- The classification provisions in Minnesota Statutes, [section 273.13](#) would then not be applicable, except with respect to real property which has been constructed since the previous assessment.

Any changes made after the date the Notice of Valuation and Classification is mailed should be reviewed and accepted by the appropriate Board of Appeal and Equalization. This may be the Local Board of Appeal and Equalization or the County Board of Appeal and Equalization.

Generally, all valuations and classifications for the current assessment year are considered final following adjournment of the County Board of Appeal and Equalization (typically July 1). Assessors cannot make any changes in valuation or classification that are intended to correct errors in judgment by the assessor after the adjournment of the Local or County Board of Appeal and Equalization. Changes may be made only to:

- Correct errors that are merely clerical in nature (*clerical errors* are errors made by someone doing clerks work such as transposition of numbers, mathematical errors, coding errors, or keypunch errors, etc.); or
- Extend homestead treatment to property (e.g. residential non-homestead to residential homestead).

These changes are only permitted after adjournment until the tax extension date for that assessment year.

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**Assessment of Real Property**

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Any changes made by the assessor after the County Board of Appeal and Equalization adjourns must be fully documented and maintained in a file in the assessor's office and available for review by any person. A copy of any changes made during this period must be sent to the County Board no later than December 31 of the assessment year.

Changes to an assessment may be made by order of the Minnesota Tax Court or by a supplemental order of the State Board of Equalization following adjournment of the County Board of Appeal and Equalization.

Real property containing iron ore, the fee to which is owned by the State of Minnesota, shall, if leased by the state after January 2 in any year, be subject to assessment for that year on the value of any iron ore removed under said lease prior to January 2 of the following year.

Personal property subject to taxation should be listed and assessed annually with reference to its value on January 2, and, if acquired on that day, should be listed by or for the person acquiring it.

Primary Statutory References: [273.01](#), [273.17](#)

### ***The Quintile Review Process***

Minnesota Statutes require the assessor to inspect properties **at least once in a five year** interval. This inspection process is called the quintile review process. Quintile inspections are an important component of the overall assessment process toward maintenance and improvement of data quality and integrity.

To ensure uniformity and accuracy, a physical (on-site and in-person) inspection is necessary to obtain initial property characteristic data. The primary objective of the quintile review process is to maintain and improve data quality, integrity, or consistency.

### ***Statutory Requirements for Quintile***

The specific statutory citations for the quintile are Minnesota Statutes, sections [273.08](#) and [273.01](#).

Minnesota Statute [273.08](#) states:

*“The assessor shall actually view, and determine the market value of each tract or lot of real property listed for taxation, including the value of all improvements and structures thereon, at maximum intervals of five years and shall enter the value opposite each description. When directed by the county assessor, local assessors must enter construction and valuation data into records in the manner prescribed by the county assessor [emphasis added].”*



Assessment of Real Property

Minnesota Statutes [273.01](#) states:

*“All real property subject to taxation shall be listed and at least one-fifth of the parcels listed shall be appraised each year with reference to their value on January 2 preceding the assessment so that each parcel shall be reappraised at maximum intervals of five years [emphasis added].”*

Because quintile reviews are required by law, it is important that each county maintain a detailed quintile plan, including staff expectations for inspections of properties.

When appropriate conditions and technology are present, assessors may employ **computer-assisted office reviews** to comply with quintile review requirements.

In accordance with the [IAAO Standard on Mass Appraisal of Real Property section 3.3.5](#) and MDOR determined best practices, appropriate conditions **must** include all of the following:

- An adequate and effective system of building permits or other means of physical change identification
- High resolution street-view images no greater than 5 years old (imagery should provide **clear view of primary structures** and be capable of identifying condition and quality information)
- Orthophoto images (no greater than 2 years old in rapid-growth areas, and no greater than 5 years old in slow-growth areas; 6-inch pixel resolution in urban areas and 12-inch pixel resolution in rural areas)
- Low-level oblique images capable of measurement verification images (no greater than 2 years old in rapid-growth areas, and no greater than 5 years old in slow-growth areas; 6-inch pixel resolution in urban areas and 12-inch pixel resolution in rural areas)

Computer-assisted office reviews are not a replacement for physical reviews. They serve as an alternative to meet quintile viewing requirements. Assessors should not perform computer-assisted office reviews on a property for more than two consecutive quintile periods. A high level of data quality remains important. When reporting quintile inspections to the Department of Revenue, assessors must indicate the type of inspection as a computer-assisted office review.

Computer-assisted office reviews are best suited for established and homogenous areas, e.g. completed townhome subdivisions or well established single family subdivisions. These reviews may assist assessors with efficiency toward meeting quintile requirements when requisite conditions are present. They may also be suitable when properties have been recently reviewed for informal or formal appeals, tax court appeals, new construction that is fully complete, or sales reviews. Each assessing office should have a clear policy and procedure for when properties are and are not eligible for office reviews.

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## Assessment of Real Property

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The Department of Revenue may require assessors to perform physical reviews to remain compliant with statutory requirements when quality standards of imagery are not met, adequate tools are not present, or other evidence of data integrity failure exists. Appraisers should routinely visit assigned areas to assure no major changes have occurred during the quintile cycle. Physical inspections should be performed when new construction is detected, routine changes occur within an area, sales occur, a property carries significant physical depreciation or functional obsolescence, damage has been sustained by a structure, or uncertainty in verifying property attributes exists.

### **Quintile Plans**

Many county assessors' offices have developed quintile plans to ensure compliance with statutory requirements. **The most important part of a quintile plan is *having a quintile plan!*** Preparation is key. Often, these plans may be in a table or spreadsheet form, with detailed information related to the jurisdictions in the county, parcel counts, quintile history, and planned quintile years. A quintile plan should be thorough enough to include beginning to end processes and expectations, follow-up procedures, auditing of results, and accountability measures for failure to meet quintile expectations.

The goal of a thorough quintile plan is for any assessor new to the office to be able to quickly and easily understand the county's process, where the county is in the process, and what needs to be done. New staff should have clear expectations of their role in the process and the requirements of the work to be done.

Ideally, a quintile plan or plan description should include:

- The area of quintile (city/township, section, quarter-quarter, plat, neighborhood, property type, PIN #'s)
- Parcel counts – improved and unimproved
- Map of quintile areas per year
- Identify who is doing each portion of the quintile
- Staff and local assessor areas
- County procedures for ensuring local assessors are completing the quintile
- County procedure for ensuring county quintile plan is being followed and work is being done
- A description of the county procedure for a quintile review.

A consistent plan for each type of jurisdiction is important toward quintile accuracy and efficacy. Many choose to designate quintile areas by section or quarter-quarter, but assurance that an approximate 20% of parcel counts in reviewed each year is also important. Quintile plans should ultimately assure that no property exceeds a period of five years without inspection.

Assessment of Real Property

When creating a quintile plan, assessors should keep in mind the appraisers and/or local assessors they have on staff, as well as, the **licensing levels of the staff**. For example, income-qualified assessors should be identified. Only income-qualified assessors may do assessments for income-producing properties. Assessors may also wish to note **what license level is needed for each jurisdiction**.

Each district's parcel count and required staffing should be considered when creating the quintile plan. Assessors should note **conflicts of interest** between the appraisers/assessors within jurisdictions. Alternate assessors should be noted for those conflict of interest parcels. Assessors should be mindful and update conflict of interest forms as necessary whenever the quintile plan is updated or reorganized.

Quintile plans should take into consideration the mix of property types in each jurisdiction. Jurisdictions with many special-use properties may take more time to complete. Some counties also separate their income-producing properties within the quintile plan, e.g. all apartments may be reviewed in one year and all industrial properties reviewed in the next.

Quintile plans should be kept somewhere accessible for your entire office and readily available to your county's Property Tax Compliance Officer to review.

Examples of quintile plans are shown on the following pages. Note that these are **specific by year**. Your county may also consider maintaining a color-coded map to indicate each area to be reviewed within the quintile cycle.

Jurisdiction	C-T Code:	Parcel Count	Jurisdiction License Level Required	2019			2020		
				Appraiser	Appraiser's License Level	Quintile Area	Appraiser	Appraiser's License Level	Quintile Area
Adams Township	1	450	CMA	Jack Jackson	CMAS	Sections 1 - 7	Jack Jackson	CMAS	Sections 8 - 15
Adamsville City	100	950	CMAS	Tom Smith	CMAS	Parcels 1 - 200	Tom Smith	CMAS	Parcels 201 - 400
Belle City	200	1500	AMA	Janet Smith	SAMA	Neighborhoods 14 - 21	Janet Smith	SAMA	Neighborhoods 22 - 28, 30

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2019	
Township A	Residential, Seasonal
Township B	Residential, Seasonal, Agricultural
Township C	Residential, Seasonal, Agricultural
Township D	Residential, Seasonal, Agricultural
City A	Residential, Seasonal, Agricultural
City B	Apartments
City C	Downtown Neighborhood
All Small Cities & Townships	Commercial
2020	
Township E	Residential, Seasonal, Agricultural
Township F	Residential, Seasonal, Agricultural
City C	East Neighborhood
City C	West Neighborhood
City D	Residential, Seasonal, Agricultural
2021	
Township G	Residential, Seasonal, Agricultural
Township H	Residential, Seasonal, Agricultural
City C	South Neighborhood
City C	North Neighborhood
All Small Cities & Townships	Apartments

Township A	
2019	Parcels 1-150
2020	Parcels 151-300
2021	Parcels 301-450
2022	Parcels 451-600
2023	Parcels 601-750
City A	
2019	Sections 30 and 31
2020	Plats A, B, C, M, N
2021	Plats D, E, F, O, Q, R
2022	Plats G, H, I, S, T, U
2023	Plats J, K, L, V, W, X, Y Z

**Other Best-Practices Recommendations**

There is no set format for a quintile plan and each county should create a plan that will help them meet their quintile requirements. Quintile plans should have **flexibility** built into them to account for unexpected changes, such as legislative mandates to reclassify properties, natural

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## Assessment of Real Property

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disasters, or additional construction that alters parcel counts. If the plan needs to be altered because of staffing issues, legislative mandates, etc., it is the Department of Revenue's expectation that the quintile plans would be updated accordingly.

County assessor offices should **notify property owners** in advance of upcoming quintile review work. This may take place in the form of sending postcards to property owners, calling property owners, and/or publishing notice of the upcoming work in print or on the jurisdiction's website. It is a highly recommend practice for assessors to **contact the local jurisdiction's administration and public safety personnel** to notify them of the upcoming work. You should provide data relating to the vehicles that will be driving through neighborhoods (make, model, color, etc.) to help alleviate concern related to calls of suspicious behavior. Assessors may also consider magnets or window clings that identify the vehicles as assessing personnel.

Quintile plans may also be shared at the Local Boards of Appeal and Equalization, outlining where revaluations were recently done, what is upcoming, etc.

**Exempt reviews** are not covered by these guidelines. While it is only required to report exempt property values to the Department of Revenue every six years, it is highly recommended that exempt properties be included within an assessor's quintile plan.

### ***Staff Expectations***

As part of the quintile plan, it is imperative to document expectations for staff during the review process. Staff appraisers should be considerate and knowledgeable of the county assessor's expectations, county policies, state law, State Board of Assessors requirements, appraisal industry standards, and Department of Revenue guidelines.

Expectations should include **verification of proper classification**. Appraisers should be prepared for the quintile work by having **maps and routes** planned in advance, by understanding the standards of the work, and being adequately trained.

It is also important to use the review and inspection process as an opportunity to pick up any **omitted or undervalued** property. Aerial photography and maps may assist to identify any such properties.

Assessors may include inspections performed for other reasons, e.g. sales verification, local/county board appeals, tax court, new construction, etc., within their quintile compliance submissions to the department when those inspections meet the criteria for review items contained in their quintile plans. **If an inspection performed for other reasons is as or more comprehensive than the specified criteria for quintile and the inspection considers all aspects of a parcel (land and all structures), then it would likely qualify as meeting quintile requirements.** Assessors must use some level of discretion to determine how best to fulfill the

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**Assessment of Real Property**

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primary objective of the quintile review process; to obtain and maintain a high standard of data quality. Assessors still must ensure that every parcel has an adequate inspection performed within a five year interval.

Assessors should have clear and available guidelines that outline **safety protocols** in the case of incidents involving a range of possible safety issues from dog bites to perceived threats. Safety protocols may also include documentation and training for how to conduct inspections of construction sites and some of the possible dangers to watch for, e.g. shingles flying off the roof of a home. Safety protocols should include who to contact, how to escalate issues, whether or not law enforcement should be involved, and any other additional guidelines to protect staff. Staff safety in the field should be held as a high priority for county assessors. Safety protocols may be drafted in consultation with law enforcement, the county's Human Resources Department, the County Attorney, and/or others deemed necessary by the assessor.

Staff expectations that are outlined for the quintile review process should also include consequences for not meeting the quintile review requirements and should be clearly communicated with all staff members.

***Physical Inspection Guidelines***

Recommended items to bring to the review include:

- **Visible Identification**
- Safety vest
- Cell phone (with preset to 911)
- Plat books/subdivision maps
- Soil maps and/or aerial photography
- Property field record cards
- Camera
- Measuring device
- Calling cards
- Calculator
- Clipboard, paper, and pen or pencil
- Valuation manual

Often, a tablet computing device can be used for many of these (maps, aerials, record cards, camera, calculator, sketch pad, and manual all in one).

## Assessment of Real Property

We recommend the following guidelines for physical inspections when a **property owner is present**:

1. Staff should identify themselves and explain the reason for the inspection.
2. Engage the property owner in the inspection.
3. Note the date and type of inspection (exterior only; interior; or verbal discussions with property owner to verify data on file).
4. Measure the property.
  - **Agricultural property:** measure and verify all buildings (may utilize aerial photography) and review land type breakdowns and acreage. For your safety and the safety of farm animals, **never approach livestock or poultry**. Calling ahead to both the property owner and consulting with the environmental services department prior to on-site visits of livestock areas is recommended.
  - **Lakeshore property:** verify the front footage using aerial photography with GIS overlay.
  - **All property:** use aerial photography to assist in verifying that all improvements are entered into the system.
5. Take photos of the property; take additional photos and document any deferred maintenance or damage.
6. Complete interior inspections.
  - **Never** enter a house or property without introducing yourself and explaining why you are there.
  - **Never** enter a house or property where children or vulnerable adults are home alone.
  - **Never** enter or stay in a house or property where you feel unsafe.
  - **Never** enter a house without the property owner/representative present or without their expressed and explicit permission.
  - Always carry proper photo identification and business cards.
  - Do not open closed doors to rooms or a house without obtaining the owner's permission.
  - Do not open cabinets, closets, refrigerators, etc.
  - Always ask the owner if they would like you to remove your shoes before entering the home.
  - Be brief and professional.
  - Try to maintain good public relations at all times.

## Assessment of Real Property

- If you are **denied entry**, first and foremost, be respectful of the property owner's wishes. If possible, explain the process and outline possible estimations that will be made. It is recommended that counties have a written policy for how to document refused entry as well.

When the property owner is **not present**, leave a tag or other notice that you were at the property. The information you leave behind should identify contact information so that the property owner may call you to schedule an inspection or verify the property information you have on file over the phone. Appraisers may alternatively choose to send a letter to the property owner making a similar request. Complete an exterior inspection, note any necessary changes and take updated photos. Appraisers should never peek into windows of a property.

Have a written plan for how to deal with "no trespassing" signs or fenced yards. It is also recommended that counties have written plans for how to proceed when property owners are not present, but renters are.

Possible review items for the inspection include:

- Make sure effective age (depreciation) is accurate.
- Make sure the site sketch - including all improvements - is accurate.
- Measure every improvement or verify improvements that are on file.
- Take a picture of all improvements (opposing corners of house/garage).
- Take a picture of anything unusual that may influence value.
- Complete an interior inspection if possible.
- Determine construction quality, era, and condition.
- Identify whether there are any changes/considerations for the property's highest and best use.
- Review **external** value influences (e.g., railroads, busy roads, newly constructed school).

For **residential properties**, additional review items include:

- Verify the height and type (e.g. rambler, 2 story, etc.) of each house.
- Verify the quality and grade of the structures.
- Make certain the foundation/basement is correctly identified.
- Note the heat source and finish of homes and garages.
- Note and photograph any structures that are missing from your current information (e.g. detached garages and storage buildings); make sure the number and type (e.g. shed, deck, silo, etc.) is accurate.
- Verify secondary parcels linked for homestead.
- For questionable homesteads, send a homestead confirmation form to any questionable properties.



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## Assessment of Real Property

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For other property types, other criteria may be included and should be part of the quintile plan and assessors expectations.

- For example, for **apartment** properties, it would be important to verify the unit mix and counts (e.g. number of one-bedroom units, number of two-bedroom units), size of common areas, office areas, etc.
- For **commercial** properties, it may be important to verify the quality of interior finishes, rentable area, rental rates and expenses, etc.

Any special or specific valuation adjustments should be reasonable, consistently applied (ideally derived from the county's procedures manual), and supported by clear documentation in the notes.

Using aerial photography to gather data, particularly for large properties, agricultural properties, and lakeshore, may be very helpful. However, solely viewing aerial photography is not considered an alternative to physical inspection or computer-assisted desktop reviews that meet the aforementioned criteria.

For all reviews, note the date and the type of inspection (external-only, interior, refused entry, left card, office review, etc.).

### **Routine Repairs vs. Improvements**

Many questions arise with regard to the distinction between ordinary repairs, additions, and improvements. Most repairs are regarded as expenditures made to restore items that are worn out because of deterioration to a new or useable condition. For example, re-shingling a roof, replacing a furnace, or painting are considered to be maintenance items that, when independently completed, *may* not result in added value to a property.

However, a large-scale project with numerous repairs or updates completed at the same time such as new carpet, new cabinets, updated décor, new furnace, new siding, new roof, etc., can result in an improvement to a structure's effective age. These large-scale projects likely improve the useful life of a structure. This results in a better overall appeal and a higher value of a property. In addition, if the assessor has increased the estimated accrued physical depreciation on a property due to its deferred maintenance, making updates and repairs could cure the depreciation and result in a higher market value.

An addition is a part of a building added to the original structure. Additions not only include entirely new units, but also include extensions, expansions, and enlargements of existing structures.

Primary Statutory References: [273.17](#)

## Assessment of Real Property

**Office work**

After inspections have been completed, it is important to **update the information in the CAMA system as soon as possible**. Doing this update as soon as possible will help to keep the notes fresh in the appraiser's mind. Recommended plans for office work include:

- Download and label photos to be attached in CAMA
  - If you publish photos to the county's website, make sure they are also updated there.
  - Make sure the photos are of the property only and never include people or license plates.
- Use sketching software for complex structures.
- Correct all errors, make appropriate updates, and document the inspection with clear and complete notes (including the date and appraiser's name or initials).
- Send homestead verification to questionable homesteads.
- Create a follow-up file for possible issues that need attention.
- Address any **omitted/undervalued** properties that were discovered during the review process; have a plan for communicating omitted properties with the County Auditor.
- Discuss lakeshore properties with assessors in other jurisdictions that share the same lake(s) or other bodies of water.

We recommend that County Assessors audit the CAMA system to verify compliance with the quintile review process. County Assessors have the authority under Minnesota Statutes, sections [273.064](#) and [273.065](#) to have all assessment records returned to the office and to review local assessor work. It may be good practice for County Assessors to have appraisers and local assessors sign a quintile certification form prior to approving the assessments for a jurisdiction.

***Requirement to verify local assessment work***

Minnesota Statutes, [section 273.064](#) **requires** county assessors to examine the appraisal records of local assessors any time after December 1 of each year prior to the upcoming assessment. If deficiencies in quantity or quality of assessments are discovered, the **assessors must give 30 days to correct** the deficiencies. If corrections are not satisfactory after those 30 days, the county can perform the work needed to correct the assessments, and may bill the taxing jurisdiction for the cost of the reassessment (the local jurisdiction must be billed by August 1 of the assessment year).

Clear expectations and outlined accountability measures may assist in a more efficient review process. Clear guidelines with incompliance results should be well documented by the county assessor. This information may be provided to local jurisdiction personnel or the Department of Revenue to support correction.

Primary Statutory References: [273.01](#), [273.08](#), [273.064](#) and [273.065](#)

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**Assessment of Real Property**

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**Assessor's Data – Data Privacy****Private and Public Data**

While most information concerning income and sales taxes is private data, most information concerning property taxation is public information. However, some data is specifically defined as being private data under [Minnesota Statutes, Chapter 13, The Government Data Practices Act](#). This includes:

- Data contained on sales sheets received from private multiple listing service organizations where the contract with the organization requires the assessor to refrain from making the data available to the public;
- Income information on individuals collected and maintained by the assessor that is used to determine eligibility of property for class 4d;
- Social Security numbers of individuals;
- Detailed income and expense figures;
- Average vacancy factors;
- Verified net rentable areas or net usable areas;
- Anticipated income and expenses;
- Projected vacancy factors; and
- Lease information.

Great care should be taken to assure proper protection of such private data. That being said, in order to promote a uniform assessment and review of assessments, the Commissioner of Revenue, county assessors, county auditors, and local assessors may exchange data on property even if it is classified as private data under [Chapter 13](#). The data for any property includes its sales, income expenses, vacancies, rentable or usable areas, anticipated income and expenses, projected vacancies, lease information, and private multiple listing service data. Data exchanged under this provision that is classified as private data is still private.

Primary Statutory References: [13.51](#), [273.061](#), [subdivision 8a](#)

**Health Information Portability and Accountability Act (HIPAA)**

Some special programs (class 1b homestead and the Disabled Veteran's Homestead Market Value Exclusion) require assessors to utilize information that is protected within the federal Health Information Portability and Accountability Act (HIPAA).

Concerns have been raised that – since disability information is private data – showing that a property was subject to one of these special programs on the property record, Notice of Valuation and Classification, Truth in Taxation Notice, or Property Tax Statement would not be allowed. This would have necessitated keeping two sets of records – one private and one public. In addition, it would have made it very difficult to answer taxpayer questions regarding any differences in taxable market value or property taxes between two properties if the assessor was unable to state that a

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property receives a beneficial classification rate provided by class 1b homestead or the disabled veteran's exclusion.

However, the assessor's office would need to be declared a "covered entity" under HIPAA privacy rules in order to be subject to the HIPAA regulations. After discussing this issue with legal professionals and other state agencies, the department concluded that assessors' offices are most likely not "covered entities" under HIPAA privacy rules. Therefore, property tax information relating to the blind/disabled classification and disabled veterans exclusion is public information.

The department strongly recommends that each assessor work with the county's privacy officer or data practices specialist to determine what departments in your specific county have been declared to be "covered entities" and thus subject to HIPAA regulations. In the unlikely event the county assessor's office is a "covered entity" and subject to HIPAA regulations, the county may be limited in what information is considered public. Please contact the Property Tax Division if this situation arises in your county.

**Homestead Applications & Data Privacy**

Minnesota Statutes, section 13.355, subdivision 1 states that "The Social Security numbers of individuals, whether provided in whole or in part, collected or maintained by a government entity are private data on individuals, except to the extent that access to the Social Security number is specifically authorized by law."

Anyone may obtain a copy of a completed homestead application as long as the following items are fully redacted:

1. Social Security numbers;
2. Any check-marks, statements, documents, or other information that is meant to establish or prove that the reason why the occupant's spouse is absent from the home because of one of the reasons listed in the spousal homestead provision; and
3. Schedule F or other income tax information provided as part of a Special Agricultural Homestead Application.

Sometimes applicants make such statements merely by checking a box to indicate that they agree with a prepared statement on the preprinted application for their convenience. Sometimes applicants may make such statements on a separate sheet of paper that is submitted as part of their application or they may provide copies of legal documents as proof of meeting the provisions.

**Exempt Applications & Data Privacy**

Any applications for exemption from property tax and any other supporting documentation is public with the exception of any income/expense information, Social Security numbers, or any data that is otherwise classified as private information under data privacy laws.

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**Abatement Applications & Data Privacy**

Social Security numbers are specifically required as part of the abatement application by Minnesota Statutes, [section 375.192, subdivision 2](#). The Social Security number is a required field on any abatement application and must also be submitted to the Commissioner of Revenue as prescribed by law after the abatement has been approved. Generally all abatements must be approved by the County Board of Commissioners as part of the abatement process. Applications are often discussed as part of an open meeting and some counties attaches the applications to the meeting minutes. Social Security numbers should be fully redacted before discussing them at a public meeting or attaching them to meeting minutes.

Primary Statutory References: [273.124, subdivision 13](#), [375.192, subdivision 2](#)

**Safe at Home**

The Safe at Home program is an address confidentiality program administered by the Office of Secretary of State. Safe at Home was created in 2006 to protect victims of stalking, domestic violence, sexual assault, and others who fear for their safety, such as a member of law enforcement or the judiciary.

The Safe at Home program gives participants a legal substitute address (a post office box) to use in place of their physical addresses; this address can be used whenever an address is required.

Over 1,600 individuals were enrolled in the Safe at Home program in Minnesota in 2014, representing over 700 households. However, the program had less than ten participants who were real property owners (i.e., less than ten participants had address confidentiality issues that were handled by County Assessors, Auditors, and Treasurers).

Minnesota Statutes [13.045](#) outlines the program requirements for county personal in regard to the administration of the program.

Specifically the statute details the following:

- Distinguishes “identity data” from “location data”
- Clarifies requirements related to submitting a notice of participation in the Safe at Home program to a government entity
- Requires submission of notice to the County Recorder in the county where the property is located if the program participant seeks to protect information related to real property
- Allows intergovernmental data sharing without consent or a court order in specific circumstances
- Allows counties to determine best methods of compliance regarding real property records, but provides counties with statutory authority to comply

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**Assessment of Real Property**

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- Establishes standards for providing access to data on real property this is subject to a bona fide title examination, including the requirements for submitting a request to the Secretary of State
- Provides that data practices provision related to Safe at Home participants do not prohibit sharing participant data with the secretary of state to facilitate compliance with the law

For more information on the Safe at Home program, please visit the Secretary of State's website <http://www.sos.state.mn.us>. If you have additional questions in regard to the program you can e-mail the Safe at Home Program at [safe.athome@state.mn.us](mailto:safe.athome@state.mn.us) or call 651-201-1399.

Primary Statutory References: [13.045](#)

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## General Powers and Duties

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### General Powers and Duties

#### *Department of Revenue*

The Minnesota Department of Revenue manages the state's revenue system. The department administers 28 different taxes, collecting over \$16.5 billion annually. This money funds education, local government aid, property tax relief, social service programs, highways, and other state programs and operations.

#### **Commissioner of Revenue**

The Commissioner of Revenue is appointed by and serves the Governor.

The Commissioner of Revenue supervises Minnesota's revenue system, advises the governor and legislature on tax policy and operations, acts as the State Board of Equalization, and has the power to organize the department with such divisions and other agencies as is deemed necessary.

The commissioner may also appoint one deputy commissioner, a department secretary, directors of divisions, and such other officers, employees, and agents as is deemed necessary to discharge the functions of the department, define the duties of such officers, employees, and agents, and delegate to them any of the commissioner's powers or duties, subject to the commissioner's control and under such conditions as the commissioner may prescribe.

The Property Tax Division of the Department of Revenue is responsible for overseeing the administration of the property tax system. This division provides information and education for property tax administrators, answers questions from taxpayers, develops reports for the Legislature, and gathers information from counties regarding assessments.

Primary Reference: [www.revenue.state.mn.us](http://www.revenue.state.mn.us)

#### **Powers and Duties of the Commissioner of Revenue**

The Commissioner of Revenue has the power and authority:

- To exercise general supervision over the administration of property tax laws, assessors, local and county boards of appeal and equalization, and all other assessing officers in the performance of their duties, so that all assessments of property are relatively just and equal in compliance with the laws of the state;
- To confer with, advise and give the necessary instructions and directions to assessors and boards of appeal and equalization throughout the state as to their duties under the laws of the state;
- To direct proceedings, actions and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure

## General Powers and Duties

or negligence to comply with the provisions of property tax laws They also have the power to make complaints to the proper authority against local assessors, members of boards of appeal and equalization, or any other assessing or taxing officer for their removal from office for misconduct or negligence of duty;

- To require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture and punishment for violation of the property tax laws in their respective districts or counties;
- To require town, city, county and other public officers to report information as to the assessment of property and other information that may be needed in the work of the Department of Revenue. The commissioner may decide how this information is presented to them;
- To transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even-numbered year, the report of the Department of Revenue for the preceding years, showing all the taxable property in the state and the value of the same, in tabulated form;
- To inquire into the methods of assessment and taxation and to determine whether the assessors faithfully discharge their duties;
- To assist local assessors in determining the estimated market value of industrial special-use property that is designed and equipped for a particular type of industry, is not easily adapted to some other use due to the unique nature of the facilities, has facilities totaling at least 75,000 square feet in size, and has a total estimated market value of \$10,000,000 or greater based on the assessor's preliminary determination.

Primary Statutory Reference: [270C.85](#)

### Additional Powers and Duties:

- The powers of examination, investigation, and subpoena, and the power to administer oaths and take testimony granted to the Commissioner of Revenue and officers and employees of the Department of Revenue do not apply to a matter that has been appealed to the tax court.
- The commissioner is to constitute the State Board of Equalization. This power is prescribed by M.S. [270.12](#) (State Board of Equalization duties). The State Board of Equalization is discussed in [Module 8](#).
- Each county assessor shall file by April 1 with the Commissioner of Revenue PRISM submission 1 that is subject for review by the local and county boards of appeal and equalization. The PRISM submission must contain the real and personal property in the county, itemized by assessment districts.
- The assessor of each county shall file with the commissioner any changes made by the local or county board. The information must be filed in the manner prescribed by the commissioner which is currently an [electronic form](#). It must be sent:



General Powers and Duties

- within 10 working days following final action of the local board of appeal and equalization
- within five days following final action of the county board of appeal and equalization.
- PRISM submission 2 after adjustments by the State Board of Equalization and inclusion of any omitted property shall be submitted to the Commissioner of Revenue on or before September 1 of each calendar year. The submission must separately report:
  - the captured tax capacity of tax increment financing districts under [section 469.177, subdivision 2](#) (captured net tax capacity)
  - the area-wide net tax capacity contribution values determined under [section 276A.05, subdivision 1](#)
  - the metropolitan revenue contribution value under [section 473F.07](#)
  - the value subject to the power line credit under [section 273.42](#).
- The commissioner may appoint a special assessor and deputies and cause to be made, in any year, a reassessment of all or any real and personal property, or either, in any assessment district, when in the commissioner's judgment such reassessment is desirable or necessary, so that any and all property in such district shall be assessed equitably as compared with like property in the county wherein such district is situated.
- The commissioner shall require the county auditor to place upon the assessment rolls omitted property which may be discovered to have escaped assessment and taxation in previous years.
- The commissioner shall receive complaints and carefully examine all cases where it is alleged that property subject to taxation has not been assessed, or has fraudulently or for any reason has been improperly or unequally assessed, or the law in any manner evaded or violated, and cause to be instituted such proceedings as will remedy improper or negligent administration of property tax laws.
- The commissioner shall raise or lower the market value of any real or personal property. Before doing so, they must send notice by mail of the intention to raise market value, along with the time and place at which a hearing will be held shall be given to such person. The notice must be addressed to the person at that place of residence as the same appears upon the assessment book, at least five days before the day of the hearing.
- All relevant and material evidence concerning the assessed valuation of the property shall be submitted at the hearing, and the hearing shall not be a "contested case" within the meaning of the M.S. [14.02, subdivision 3](#). The person notified of the hearing, or any other person having an interest in the property, may present evidence and argument bearing upon the market value of the property.
- A property owner, other than a public utility, mining company, or the metropolitan airport commission for which the original assessments are determined by the Commissioner of

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Revenue, may not appear before the commissioner to request an examination of complaints or proceeding or to request a change in market value unless a timely appearance in person, by counsel, or by written communication has been made before the county board of appeal and equalization as provided in M.S. [274.13](#), to appeal the assessment of the property. The exception to this is if the property owner can establish that they did not receive notice of their market value at least five days before the local board of appeal and equalization meeting.

- The commissioner may refuse to hear an appeal that is within the jurisdiction of the Small Claims Division of the Minnesota Tax Court. The property owner shall be notified by the commissioner of the right to appeal to the Small Claims Division whenever an appeal to the commissioner is denied.
- The commissioner is to hear all matters of grievance relating to taxation except for matters delegated to the various boards of county commissioners under M.S. [375.192](#) (abatements) and except as otherwise provided by law. The commissioner has the power to grant reductions or abatements of net tax capacities or taxes and of any costs, penalties or interest which is deemed just and equitable. The Commissioner of Revenue may also order a refund, in whole or in part, of any taxes, costs, penalties or interest thereon which have been erroneously or unjustly paid.
- To exercise other powers and perform other duties required of or imposed upon the Commissioner of Revenue by law.

Primary Statutory References: [270C.03](#), [270C.31](#), [270C.32](#), [270C.86](#), [270C.89](#), [270C.92](#), [270C.94](#) [270C.97](#)

**Reassessments – Omitted or Undervalued Property**

The Commissioner of Revenue is authorized under Minnesota Statutes, [section 270C.94](#), subdivision 1 to order a reassessment in any year in any taxing district.

The commissioner may order a reassessment to ensure that all property in the same county or in the state is assessed equitably. The need for a reassessment may become apparent to the commissioner by:

- complaints from taxpayers, or
- findings of a court or of the legislature, or
- a request from any city council or county board.

Such complaints or findings might indicate that a considerable amount of property has been omitted from the assessment roll or that assessments have been undervalued or overvalued. If after an investigation, the Commissioner of Revenue is satisfied that it would be in the best interest of the state, the commissioner can order the reassessment. The commissioner can then appoint a special assessor and as many deputy assessors as are needed to make the reassessment.

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## General Powers and Duties

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The Commissioner of Revenue may also appoint a special assessor and deputy assessors as needed to make a reappraisal when an assessor has failed to properly appraise at least one-fifth of the parcels of property in a district or county as required in Minnesota Statutes, [section 273.01](#) (the quintile assessment).

Following their appointments under Minnesota Statutes, [section 270C.94](#) the special assessors and deputies must file with the Commissioner of Revenue their oaths to faithfully and fairly perform their duties. The special assessor, assisted by deputies, then reassesses the property in the district ordered to be reassessed.

The special assessor must prepare duplicate lists of the assessment roll showing the amount of the original assessment and the newly reassessed valuations. The lists are filed with the Commissioner of Revenue for examination and correction. After the commissioner is satisfied the lists are correct, one copy is sent to the county auditor.

Any person may appeal their resulting assessment to the district court. This is done by filing a notice of the appeal with the county auditor within 30 days after the reassessment. The county auditor files a certified copy of the appeal with the court administrator of the district court and notifies the county attorney of the appeal. The district court is required to hear and determine the case in the same manner as other tax matters are tried and determined by the courts. The county attorney must appear for and defend the interests of the state in these matters.

The salaries and expenses of the special assessors and deputies are set by the Commissioner of Revenue and are paid out of the money appropriated for the operation of the Department of Revenue. On August 1, the Commissioner of Revenue is to notify the county auditor of the amount paid on behalf of that county since August 1 of the preceding year. The county auditor is to levy a tax in the district or districts which were reassessed to reimburse the state. One-half of the tax is levied in the year which the Commissioner of Revenue notified the county auditor and the remaining half is levied in the following year.

The county must reimburse the state in two installments. These reimbursements are credited to the general fund. The first one-half of the reimbursement is due on or before July 1 and the remaining half is due on or before December 1 of the year the tax is payable by the property owners. The reimbursement is to be paid whether or not the county collected the tax. If the county fails to reimburse the state on the specified date, the Commissioner of Revenue can withhold state aids or distributions equal to the delinquent amount.

Primary Statutory References: [270C.94](#), [270C.95](#), [270C.96](#)

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## General Powers and Duties

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### Property Assessed by the Commissioner of Revenue (State-Assessed Property)

In addition to the previously mentioned duties, the Commissioner of Revenue also assesses several types of real and personal property. These include:

- Airline flight property
- Pipeline and utility operating property
- Railroad operating property

The assessment of these types of properties is explored in greater detail in [Module 2](#).

#### Airline Flight Property

The flight property of all airline companies engaged in air commerce in Minnesota is assessed annually by the Commissioner of Revenue. All real and personal property of an airline company, except for flight property, is taxed as otherwise provided by law. The flight property tax is collected by the Commissioner of Revenue and goes to the State Airports fund at the Minnesota Department of Transportation. Local units of government do not receive any of this tax.

#### Railroad Property

The *operating property* of every railroad company doing business in Minnesota is annually valued and certified to the counties by the Commissioner of Revenue in accordance with Minnesota Statutes, [sections 270.80 through 270.87](#), and [Minnesota Rule 8106](#).

- Operating property means all property owned or used by a railroad company in the performance of railroad transportation services, including without limitation: franchises, rights-of-way, bridges, trestles, shops, docks, wharves, buildings, and structures.
- Non-operating property is assessed locally. It includes all other property that is not operating property. This includes:
  - Real property that is leased or rented or is available for lease or rent to any person which is not a railroad company;
  - Vacant land is presumed to be available for lease or rent if it has not been used as operating property for a period of one year preceding the valuation date;
  - Land that is not necessary and integral to the performance of railroad transportation services and which is not used on a regular and continual basis in the performance of these services; and
  - That portion of a general corporation office building and its proportionate share of land which is not used for railway operations or purposes.

#### Utility and Pipeline Operating Property

The Commissioner of Revenue annually values the operating property of utility and pipeline companies in accordance with Minnesota Statutes [273.33](#), [273.35](#), [273.36](#), [273.37](#) and

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## General Powers and Duties

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[Minnesota Rule 8100](#). The Commissioner of Revenue certifies these values to the counties by recommendation or order. Non-operating property, such as land, is assessed locally.

### ***General Assessors' Duties***

Assessors must view and estimate the market value of each tract or lot of real property, including the value of all improvements and structures, at maximum intervals of five years. This requirement is discussed in the section titled "[The 'Quintile' Review](#)".

Property values change continuously with changing economic conditions. In addition to market changes are the numerous physical changes in land and its improvements, such as drainage and clearing of land, agricultural production, improvement with public streets and utilities, and the addition or improvement of structures. All should be accounted for in assessment. This cannot be done without field inspection of all real property subject to assessment.

Primary Statutory Reference: [273.08](#)

### **Assessor Authority to Enter Buildings**

Any officer authorized by law to assess property for taxation, when necessary to the proper performance of their duties, may enter and view any dwelling, house, building, or structure.

Any officer authorized by law to assess property for ad valorem tax purposes shall have reasonable access to land and structures as necessary for the proper performance of their duties.

**A property owner may refuse to allow an assessor to inspect their property.** This refusal by the property owner must be either verbally to the assessor attempting to inspect the property, or expressly stated in a letter to the county assessor. If the assessor is denied access to view a property, the assessor is authorized to estimate the property's estimated market value by making assumptions believed appropriate concerning the property's finish and condition. In addition, if an inspection is refused by a taxpayer, they cannot receive a favorable appeal by a board of appeal and equalization.

Primary Statutory Reference: [273.20](#)

### **Neglect of Duties**

The law provides severe penalties for tax officials who knowingly neglect their duty or who willfully obstruct the enforcement of the laws which they are sworn to execute, deliberately omit or exempt taxable property from the tax rolls, or undervalue property. These penalties can be up to \$1,000 for each affected property.

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## General Powers and Duties

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Every county auditor and every assessor who refuses or knowingly neglects to perform any duty or who consents to or connives at the evasion of its provisions whereby any proceeding required by law is prevented or hindered, or whereby any property required to be listed for taxation is unlawfully exempted or entered onto the assessment rolls at less than its market value shall pay to the state for each such case a payment of not less than \$200 and not more than \$1,000.

Primary Statutory Reference: [273.21](#)

### Local Assessors

Local assessors are assessors who contract with a city or township to perform its assessment. Local assessors are hired by the local jurisdiction. They are not hired by the county assessor. However, the county assessor is generally responsible for the local assessor's work.

#### Appointment

The governing body of any township or city must appoint and employ an assessor as required by the Board of Assessors. All township and statutory city assessors are appointed for an indefinite term. They may be dismissed for cause. The term of a local assessor may be terminated at any time by the town board or city council on charges by the Commissioner of Revenue of inefficiency or neglect of duty. If the governing body of any township or city fails to employ an assessor as required by law, the assessment will be made by the county assessor.

Vacancies in the office of a township or city assessor must be filled within 90 days. If the vacancy is not filled within 90 days, the office shall be terminated. If the vacancy is not filled by appointment, the county auditor may appoint an assessor for the township or city. The county auditor may appoint the county assessor to do the assessment for the township or city. In this case, the city or township must pay the county treasurer the amount determined by the county auditor for the services performed and expenses incurred in the assessment.

Notwithstanding any other provision of law, all town assessors are appointed by the town board. Notwithstanding any charter provision to the contrary, all city assessors are appointed by the city council or other appointing authority as provided by law or charter. City and town assessors need not be a resident of the town or city for which they are appointed nor are they required to be residents of the state.

#### Incompatible Offices

Appointed city or town assessors may not also serve in certain elected positions. An appointed city assessor must not also serve as a mayor or city council member for the same city. An appointed town assessor must not also serve as a town board supervisor for the same town.

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## General Powers and Duties

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### Vacancies

When a vacancy occurs in the office of a township or city assessor, the appropriate appointing authority must fill this position, by appointment, within 90 days. If the vacancy is not filled within 90 days, the office will be terminated and the assessment will be made by the county assessor.

When a vacancy is not filled by appointment, and it is imperative that the office of assessor be filled, the county auditor will appoint a city or township assessor. The county auditor may appoint the county assessor as the assessor for that city or township. In such case, the town or city must pay to the county treasurer an amount determined by the county auditor to be due for the services and expenses incurred by the county assessor acting as the assessor for that city or township.

### Compensation of Town Assessors

The town board will set the level of compensation as well as mileage and expense reimbursement of the town assessor.

### Compensation of City Assessors

The assessor may be compensated on a full-time or part-time basis at the option of the city council.

Primary Statutory Reference(s): [270.41 to 270.53](#), [273.05](#), [273.061](#), [367.05](#), [412.131](#)

### Joint Assessment of Two or More Districts by One Assessor

The governing bodies of cities or townships may enter into an agreement that provides for two or more assessment districts to be assessed by one assessor. The governing body of any assessment district that is wholly within a county may enter into an agreement with the county to have the assessment completed by the county assessor's office. **Such agreements have no effect upon the powers and duties of local boards of review and equalization.** Whenever taxing districts enter into agreement between themselves for joint assessment, the following provisions should be covered in the agreement:

1. A statement of the purpose of the agreement, the power to be exercised, and the manner in which it is to be exercised;
2. The office of assessor that is to be abolished;
3. The term of the agreement unless an indefinite term is desired;
4. The method of appointment to and removal from office of the assessor who is to make the assessment;
5. The amounts to be paid in salaries and expense reimbursement and the manner in which those funds are to be provided and paid; and
6. The disposition of any property acquired and the return of unexpected funds in proportion to contributions of contracting parties.

Primary Statutory References: [273.072](#), [471.59](#)

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Oath

Every person elected or appointed to the office of assessor, at or before the time of receiving the assessment books, must take an oath that he or she will be diligent, faithful, and impartial in the performance of their duties. If the oath is taken before the town clerk, there is no fee. Failure to take the oath within the time prescribed will be deemed a refusal to serve. Any town officer who enters upon the duties of his or her office before taking the oath will forfeit to the town the sum of \$50.

The oath of office is described in Minnesota Statutes, section 273.05, subdivision 2. A sample oath is located in the appendix.

Primary Statutory References: [273.05](#), [367.25](#), [358.06](#)

Duties of Local Assessors

The duty of the duly-appointed local assessor shall be to view (at maximum intervals of five years), appraise the value, and classify all property as provided by law. However, all the book work shall be done by the county assessor or the county assessor's assistants, and the value of all property subject to assessment and taxation shall be determined by the county assessor unless previous exceptions were made. At a minimum, this includes:

- Identifying all property in the jurisdiction;
- Maintaining an accurate property record card (may be hard copy or electronic) on all property in the jurisdiction. Each property record should have a sketch made to scale with accurate measurements. Some jurisdictions also require photos (may be printed or digital);
- Property records should also contain information regarding the quality of construction, condition, depreciation (physical, functional, and economic), amenities, last date inspected and by whom;
- Entering construction and valuation data into the records as directed by the county assessor. This includes entering valuation and new construction data into CAMA systems.
- Identifying the use of a property (residential, commercial, seasonal residential, etc.);
- Information on agricultural production if agricultural property;
- Information on the occupancy of the property for homestead purposes;
- Locating and valuing new construction each year;
- Attending Local Board of Appeal and Equalization (or Open Book) meetings; and
- Making any changes as dictated by the Local Board of Appeal and Equalization;

Generally, most book work such as mailing of Notices of Valuation and Classification is done by the county assessor. Depending upon the size of the city or town, the local assessor may have additional duties.



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## General Powers and Duties

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Except for Ramsey County, in counties having a city of the first class, the powers and duties of the county assessor within such city shall be performed by the duly appointed city assessor. In all other cities having a population of 30,000 persons or more, according to the last federal census, except in counties having a county assessor prior to January 1, 1967, the powers and duties of the county assessor within such cities will be performed by a duly appointed city assessor. The county assessor will, however, retain the supervisory duties contained in M.S. [273.061, subdivision 8](#).

Primary Statutory References: [273.061](#), [273.08](#), [273.063](#)

### Delivery of Assessment Records

The county assessor shall examine the assessment appraisal records of each local assessor any time after December 1 of each year prior to the upcoming assessment.

If there are any deficiencies in the assessment procedures with respect to the quantity or quality of the work done as of that date, the county assessor shall immediately give notice in writing to the governing body of the district of those deficiencies and indicating any corrective measures to be undertaken by the local assessor within 30 days.

After 30 days, the county assessor should reexamine the records to determine if the deficiencies have been corrected. If the deficiencies have not been substantially corrected, the county assessor, with the approval of the county board of commissioners, should complete the assessment or employ others to complete the assessment. Upon completion, the local assessor may then resume the assessment function in the district.

The costs incurred by the county assessor in completing the assessment of the local jurisdiction must be billed to the local jurisdiction by August 1 of the assessment year. If the cost remains unpaid as of September 1 of the assessment year, the county auditor shall levy a tax upon the taxable property of the local assessment district sufficient to pay such costs.

Local assessors must complete the assessment appraisal records on or before **February 1** of each assessment year.

The records shall be delivered to the county assessor as of that date and any work which is the responsibility of the local assessor which is not completed by February 1 shall be accomplished by the county assessor or persons employed by the county assessor and the cost of such work shall be charged against the assessment district as provided in [section 273.064](#).

Extensions of time to complete the assessment appraisal records may be granted to the local assessor by the county assessor if such extension is approved by the county board.

Primary Statutory References: [273.064](#), [273.065](#)

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**General Powers and Duties**

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## County Assessors

### Appointment

Every county in the state must have a county assessor. County assessors are appointed by the county board of commissioners. County assessors will be selected and appointed because of their knowledge and training in the field of property taxation. Appointments of county assessors must be approved by the Commissioner of Revenue before the appointment becomes effective. The Commissioner of Revenue may refuse to approve an appointment. In these cases, the term of the appointee terminates at the end of that day.

The Commissioner of Revenue may grant approval on a probationary basis for a period of two years. The commissioner must base the decision to impose a probationary period on objective and consistent criteria. At the end of the two-year probationary period, the commissioner may either refuse to approve the person's appointment for the remainder of the person's four-year term, approve the person's appointment but only for another two-year probationary period, or unconditionally approve the person's appointment for the remainder of the four-year term for which the person was originally appointed by the county board. These criteria are not considered rules and are not subject to the Administrative Procedure Act.

County assessors must achieve the Senior Accredited Minnesota Assessor designation within two years of their first appointment as county assessor. In the case of the first appointment of a county assessor who is an Accredited Minnesota Assessor but who does not have senior accreditation, an approval of the appointment by the commissioner must be provisional, provided that a county assessor appointed to a provisional term under this paragraph must reapply to the commissioner at the end of the provisional term. A provisional term may not exceed two years. The commissioner shall not approve the appointment for the remainder of the four-year term unless the assessor has obtained senior accreditation.

### **Term, Reappointment, and Vacancies**

The term of the office of the county assessor is four years and runs from January 1 through December 31. New terms begin January 1 of 2013, 2017, 2021, etc.

If the county board of commissioners does not intend to reappoint a county assessor, the county board must notify the assessor in writing no later than 90 days prior to the termination of the term. If timely, written notice is not provided to the county assessor, the assessor will automatically be reappointed by the county board of commissioners.

Whenever a vacancy occurs, the county board of commissioners must fill the office for the remainder of the term, by appointment, within 90 days. In the event of a vacancy in the office of the county assessor, through death, resignation, or other reasons, the deputy (or chief deputy, if more than one) shall perform the functions of the office. If there is no deputy, the

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county auditor shall designate a person to perform the functions of the office until the appointment is made. The deputy or designated person shall perform the duties of the office for not more than 90 days, during which time the county board must appoint a county assessor. This 90-day period may be extended by written approval of the Commissioner of Revenue. The term of the county assessor may be terminated by the county board of commissioners at any time on charges of malfeasance, misfeasance, or nonfeasance by the Commissioner of Revenue.

**Malfeasance** can be defined as **wrong or illegal conduct, or an unlawful act**, especially those committed by politicians or civil servants. This term is often used when a professional or public official commits an illegal act that interferes with the proper performance of his or her duties. An example of malfeasance would be an elected official who accepts a bribe in exchange for political favors or an assessor who intentionally undervalues a county commissioner's house.

**Misfeasance** can be defined as **illegally performing something legal**; acting improperly or illegally in performing an action that is in itself lawful; or general incompetence. This term is frequently used when a professional or public official does his job in a way that is not technically illegal but is nevertheless mistaken or wrong. Examples of misfeasance include a lawyer who is mistaken about a deadline and files an important document too late, an accountant who make an unintentional error on a client's tax return, a doctor who accidentally writes the wrong dosage on a prescription, an assessor exempting his or her own house, or an assessor who grants a homestead without proper application.

**Nonfeasance** can be defined as the **failure to meet legal obligations**; failure to do something that is legally obligatory. It is the complete neglect of or failure to perform a contractual duty. For example, an assessor that does not physically inspect properties in their jurisdiction at least once every five years would be a case of nonfeasance.

The Commissioner of Revenue may recommend to the state Board of Assessors the nonrenewal, suspension, or revocation of an assessor's license as provided in Minnesota Statutes, [sections 270.41 through 270.50](#).

Primary Statutory Reference: [273.061](#)

Compatible and Incompatible Offices

The person serving as the county assessor may also serve as the county auditor, county treasurer or county auditor-treasurer if those offices are appointed. However, the county assessor/auditor/treasurer cannot then serve on the County Board of Appeal and Equalization. In addition, the county board may not delegate any authority, power or responsibility under Minnesota Statutes, [section 375.192](#) (abatements) to the county auditor if the offices of the county assessor and auditor or auditor/treasurer are combined.

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## General Powers and Duties

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In a county where the office of the auditor, treasurer or auditor-treasurer is an elected position, the person appointed as the county assessor also may serve as the county auditor, treasurer or auditor-treasurer in that county if that office will be changing to an appointed position within five years.

County assessors may not also serve in certain elected positions. A county assessor must not also serve as:

- County attorney;
- County commissioner;
- Elected county auditor, treasurer, or auditor/treasurer;
- Township supervisor for a town in the same county; or
- Mayor or city council member for a city in the same county.

In addition, a city assessor cannot be a mayor or city council member for the city in which he or she is employed as an assessor. A township assessor cannot be a township supervisor in the township he or she assesses. Any township, city, or county assessor who accepts a position that is incompatible with the office of assessor is deemed to have resigned from the assessor position.

Primary Statutory References: [273.061](#)

### Optional “True County” Assessor System

Any county in the state of Minnesota may elect, by special resolution, to have all taxable property in the county assessed by the county assessor. This is known as a “true county” assessor system. In this system, there are no city or township assessors. Property is assessed by assessors who are employees of the county assessor’s office.

Any county which has elected to have a “true county” system is authorized to appropriate sufficient money to defray the expenses of making a proper assessment of all property in the county. The county board shall, by resolution, authorize the county assessor to employ such additional deputies, clerks, and appraisers as it may deem necessary for the proper performance of the duties of the office of the county assessor.

The decision to switch to a “true county” system may be made by resolution of the county board of commissioners. The resolution will be effective at the second assessment date following the adoption of the resolution. The office of all township and city assessors shall be terminated 90 days before the assessment date at which the election becomes effective. If part of a taxing district is located in a county not electing to have the county assessor assess all property, the office of assessor will continue but shall apply only to such property in the non-electing county. After a county chooses to use a “true county” assessor system, all local assessors must turn over all records relating to property in the county to the county assessor a minimum of 90 days prior to the assessment date the county’s election becomes effective.

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## General Powers and Duties

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The county board of commissioners may revoke the election of the “true county” system if they determine that the interests of the county may be better served through valuation performed by local assessors. Such revocation may not be made within four years after the election. In the event of revocation, it shall be effective at the second assessment date following the revocation. The offices of all the township and city assessors shall then be filled as provided by charter or law 90 days before such effective date.

Primary Statutory References: [273.052](#), [273.053](#), [273.055](#), [273.056](#)

### Oath

Before performing his or her duties, every county assessor must take and subscribe the oath required of public officials.

The oath of office is described in Minnesota Statutes, section 273.061, subdivision 3. A sample oath is located in the appendix.

Primary Statutory References: [273.061](#), [358.06](#)

### Offices and Assistants

With approval of the county board of commissioners, the county assessor may employ one or more deputies, assistants (appraisers), and sufficient clerical help to enable the assessor to perform the duties of the office. All deputy assessors and appraisers must meet the licensure qualifications sent forth by the Board of Assessors.

Typically, staff appraisers will have essentially the same duties as a local assessor. For example, they will be responsible for inspecting property, maintaining property records, classifying property, attending local boards of appeal and equalization, answering taxpayer questions, etc.

The county board of commissioners must provide suitable office space and equipment for the county assessor, the assistants and clerical staff. The county board must also furnish such books, maps, stationery, postage and supplies as may be necessary.

In counties having unorganized territory, the county board of commissioners may appoint the county assessor to perform the assessment duties for all such districts.

Primary Statutory References: [273.061](#), [273.06](#)

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## General Powers and Duties

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### Duties of County Assessors

The duties of a county assessor include:

- To direct, confer and instruct all local and city assessors and staff appraisers to perform their duties under the laws of the state **to ensure that a uniform and equalized assessment of all property in the county is attained;**
- To keep all local and city assessors and staff appraisers in the county advised of all changes in assessment laws and all instructions from the Commissioner of Revenue relating to their duties;
- To provide information to local and county boards of appeal and equalization;
- To confer with assessors in neighboring counties in order to attain a uniform and equalized assessment;
- To prepare and keep available in the assessor's office information showing the average minimum and maximum market values per acre of cultivated, meadow, pasture, cutover, timber, and waste lands for each township in the county;
- To prepare and maintain a land valuation map of the county, in such form as may be prescribed by the Commissioner of Revenue. This map should include the bordering tier of townships of each county adjoining. It should additionally show the average market value per acre, both with and without improvements, as finally equalized in the last assessment of real estate, of all land in each town or unorganized township which lies outside the corporate limits of cities;
- To regularly examine and keep on file all conveyances of property filed with the county recorder;
- To make a diligent search each year for real and personal property which has been omitted from assessment in the county, and report all such omissions to the county auditor so that they can be added to the tax rolls;
- To regularly confer with county assessors in all adjacent counties about the assessment of property in order to uniformly assess and equalize the value of similar properties and classes of properties located in adjacent counties. The conference shall emphasize the assessment of agricultural and commercial and industrial property or other properties that may have an inadequate number of sales in a single county;
- The county assessor is ultimately responsible for the final valuations and classifications made by local or deputy assessors;
- To maintain, in conjunction with other county offices, a record of all transfers of property to assist in determining the proper classification of property, including but not limited to transferring homestead property and name changes on homestead property.
- To personally view and determine the value of any property which because of its type or character may be difficult for the local assessor to appraise.

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- To mail annual Notices of Valuation and Classification;
- To develop and submit accurate PRSIM submissions in a timely manner;
- To exchange data on property with other local and county assessors and the Commissioner of Revenue, in order to promote a uniform assessment and review of assessments. The data for any property may include but is not limited to its sales, income, expenses, vacancies, rentable or usable areas, anticipated income and expenses, projected vacancies, lease information, and private multiple listing service data. Data exchanged under Minnesota Statutes, Chapter 13, that is classified as nonpublic or private data shall retain its classification;
- To perform appraisals of property, review the original assessment and determine the accuracy of the original assessment, prepare an appraisal or appraisal report, and testify before any court or other body as an expert or otherwise on behalf of the assessor's jurisdiction with respect to properties in that jurisdiction.

Primary Statutory References: [273.061](#)

### Examination of Local Assessor's Work

The county assessor may examine the appraisal records of each local assessor any time after December 1 of each year. If the county assessor finds that the local assessor is not proceeding satisfactorily with the assessment, the assessor should immediately give written notice to the governing body of that district. The notice must include the deficiencies noted in the assessment and the corrective measures to be taken by the local assessor. If the deficiencies are not remedied by the local assessor within 30 days, then the county assessor may, with the approval of the county board, obtain the books and complete the assessment. After the county assessor has completed the assessment, the local assessor shall resume the assessment function of the district.

The costs of completing the assessment shall be charged against the assessment district. The county auditor is to certify the costs incurred to the appropriate district no later than August 1. If the costs remain unpaid as of September 1, the county auditor shall levy a tax upon the taxable properties of that district sufficient to pay the costs. The amount collected is to be credited to the general revenue fund of the county.

**Note:** *This does not apply to cities whose assessors have the powers and duties of a county assessor pursuant to M.S. [273.063](#).*

Primary Statutory References: [273.064](#)

## Assessor Qualifications and Licensure

**Assessor's Qualifications and Licensure*****Board of Assessors***

The State Board of Assessors reviews, supervises, coordinates, and approves courses in assessment practices and establishes criteria for determining assessors' qualifications. In addition, the board considers any other matters relating to assessment administration that are brought forth by the Commissioner of Revenue. The board may grant, renew, suspend, or revoke an assessor's license.

For more information, see the [State Board of Assessors webpage](#).

**Members**

The State Board of Assessors consists of nine members who are appointed by the Commissioner of Revenue. The members include:

- Two members from the Department of Revenue;
- Two county assessors;
- Two assessors who are not county assessors, one of which must be a township assessor;
- One member from the private appraisal field who holds a professional appraisal designation; and
- Two public members.

Primary Statutory References: [270.41](#), [214.09](#),

***Licensing Requirements***

Minnesota's Board of Assessors is charged with the task of licensing persons as possessing the necessary qualifications of an assessing official and providing the necessary courses or training for all assessors. Different levels of licensure have been established as to the classes of property which assessors may be certified to assess at the discretion of the board. Every person, except a local or county assessor, regularly employed by the assessor to assist in making decisions regarding valuing and classifying property for assessment purposes shall be required to become licensed within three years of date of employment. Licensure shall be required for local and county assessors as provided in Minnesota Statutes, [Chapter 270](#).

The board may refuse to grant or renew, or may suspend or revoke, a license of an applicant or licensee for any of the following causes or acts:

- Failure to complete required training;
- Inefficiency or neglect of duty;
- Failure to comply with the [Code of Conduct and Ethics for Licensed Minnesota Assessors](#), including:
  - Knowingly neglecting to perform a duty required by law;
  - Violation of the laws of this state relating to the assessment of property;



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- Unlawfully exempting property;
- Knowingly and intentionally listing property on the tax list at substantially less than its market value or the level required by law in order to gain favor or benefit;
- Knowingly and intentionally misclassifying property in order to gain favor or benefit.
- Conviction of a crime involving moral turpitude; or
- Any other cause or act that, in the Board's opinion, warrants a refusal to issue or renew a license, or a suspension or revocation of a license.

All county assessors and property tax compliance officers in the Department of Revenue's Property Tax Division must obtain the Senior Accredited Minnesota Assessor (SAMA) designation from the Board of Assessors within two years of their first appointment. If a department senior appraiser or regional representative fails to obtain or maintain senior accreditation, the failure shall be grounds for dismissal, disciplinary action, or corrective action.

The Commissioner of Revenue must not approve the appointment of a county assessor who is not a SAMA, except in the case of the first appointment of a county assessor who has achieved the Accredited Minnesota Assessor (AMA) designation, but who does not have senior accreditation. In this instance, approval of the appointment is provisional, provided that the county assessor appointed to a provisional term must reapply to the commissioner at the end of the provisional term, which may not exceed two years. The commissioner shall not approve the appointment for the remainder of the four-year term unless the assessor has obtained senior accreditation.

Employment of Licensed Assessors

No assessor may be employed who has not been licensed as qualified by the Board of Assessors; however additional time to comply may be given after an application to the board shows that licensed assessors are not available for employment. The board may license a county or local assessor who has not received the training, but possesses the necessary qualifications for performing the functions of the office by the passage of an approved examination. The board may waive the examination if such person has demonstrated competence in performing the functions of the office for a period of time the board deems reasonable.

All individuals who appraise or physically inspect property for the purpose of determining valuation or classification for property taxes must obtain Accredited Minnesota Assessor (AMA) licensure by July 1, 2022 or five years after that person becomes licensed as a Certified Minnesota Assessor (CMA), whichever is later.

In other words, all current CMAs who appraise or physically inspect property for the purpose of determining valuation or classification for property taxes must obtain AMA by July 1, 2022. For

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individuals who have received CMA licensure after July 1, 2017, they will have five years to obtain AMA licensure.

A 2017 law change provided a potential waiver from the Accredited Minnesota Assessor (AMA) licensing requirement for qualifying assessors who have been licensed since 2004. This waiver is located on the [Department of Revenue's State Board of Assessors](#) webpage.

A city or township whose office of assessor has been eliminated because of failure to fill a vacancy in the office within 90 days may, with the approval of the Commissioner of Revenue, elect to have the office of assessor reinstated by hiring a certified or accredited assessor. This does not apply to Ramsey County or to cities and townships located in counties which have elected to have a "true county" assessment system.

Primary Statutory References: [270.48](#); [270.50](#); [270C.9901](#); [273.05](#); [Rules 1950.1090](#)

### Prohibited Activity

A licensed assessor or other person employed by or contracting with an assessment jurisdiction for the purpose of valuing or classifying property for property tax purposes is prohibited from making appraisals or analyses, accepting an appraisal assignment, or preparing an appraisal report on any property within the assessment jurisdiction where the individual is employed or performing the duties of the assessor under contract. Violation of this prohibition shall result in immediate revocation of the individual's license to assess property for property tax purposes.

This prohibition must not be construed to prohibit an individual from carrying out any duties required for the proper assessment of property for property tax purposes. If a formal resolution has been adopted by the governing body of a governmental unit, which specifies the purposes for which such work will be done, this prohibition does not apply to appraisal activities undertaken on behalf of and at the request of the governmental unit that has employed or contracted with the individual. The resolution may only allow appraisal activities which are related to condemnations, right-of-way acquisitions, special assessments, or land exchanges. Assessors may assist in the appraisal of tax forfeited land, but those appraisal duties do not require a resolution from the governmental unit.

### Assessor Sanctions; Refusal to License

The State Board of Assessors may censure, warn, or fine an assessor for cases of misfeasance, malfeasance, or nonfeasance. Additionally, the board may suspend, revoke, or refuse to grant a license. The sanctions may also be against a non-licensed individual who is employed by an assessment jurisdiction or who contracts with an assessment jurisdiction for the purposes of valuing or classifying property for property tax purposes.

This also allows that a written warning must be given to assessors who have no prior identified infractions. The warning must also include expectations of future performance and behavior.

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Fines must not exceed \$1,000 for the first occurrence, and must not exceed \$3,000 for subsequent occurrences. Suspensions are not to exceed one year. Fines are to be deposited into the state general fund.

Contested sanctions are subject to review under Minnesota Statutes, [Chapter 14](#) (administrative law).

Minnesota Statutes, [section 273.21](#) (“Neglect by Auditor or Assessor; Penalty”), also provides:

*“Every county auditor and every town or district assessor who in any case refuses or knowingly neglects to perform any duty enjoined by this chapter, or who consents to or connives at any evasion of its provisions whereby any proceeding required by this chapter is prevented or hindered, or whereby any property required to be listed for taxation is unlawfully exempted, or entered on the tax list at less than its market value, shall, for every such neglect, refusal, consent, or connivance, forfeit and pay to the state not less than \$200, nor more than \$1,000, to be recovered in any court of competent jurisdiction.”*

A County Assessor may also file a written complaint with the Commissioner of Revenue, detailing allegations of misfeasance, malfeasance, or nonfeasance of a *local* assessor. The commissioner must complete an investigation and recommend an appropriate action to the State Board of Assessors. The Commissioner of Revenue may also conduct such an investigation without a written complaint from a county assessor.

By February 1 of each odd-numbered year (e.g., 2015, 2017, etc.), the State Board of Assessors is required to publish a report to the House and Senate Taxes Committees on the number and types of disciplinary action recommended to the board by the Commissioner of Revenue. The board must also report its disposition of those recommendations.

Primary Statutory References: [270.41, subd. 3, subd. 3a](#); [273.0645](#); [273.21](#)

### **Valuation of Income-Producing Property**

Only AMA, SAMA, or other licensed assessors who have successfully completed at least two income-producing property appraisal courses may value income-producing property for ad valorem tax purposes.

“Income-producing property” as used above means:

- Class 1c seasonal residential recreational commercial property (resorts containing homestead of the owner/operator);
- Class 3a commercial-industrial and public utility property;
- Class 3b employment property;

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- Class 4a rental housing – four or more units, including private for profit hospitals;
- Class 4c(1) seasonal residential recreational commercial property (resorts);
- Class 4c(2) qualifying golf courses;
- Class 4c(3)(i) and (ii) nonprofit community service oriented organization;
- Class 4c(4) post-secondary student housing;
- Class 4c(5) manufactured home parks;
- Class 4c(6) qualifying metro nonprofit recreational property;
- Class 4c(7) certain non-commercial aircraft storage hangars on leased land;
- Class 4c(8) certain non-commercial aircraft storage hangars on private land;
- Class 4c(9) bed and breakfast up to five units;
- Class 4c(10) seasonal restaurant on a lake;
- Class 5 unmined iron ore; low recovery iron ore; and all other property not included in another class.

“Income-producing property appraisal course” means a course of study of approximately 30 instructional hours, with a final comprehensive test that has been approved by the Board of Assessors. An assessor must also successfully complete the final examination for each of the required courses.

Primary Statutory References: [270C.98-99](#), [270.41](#), [270.48](#), [270.50](#), [273.11 subdivision 13](#)

**Levels of Licensure**

The Board of Assessors has established four levels of licensure for assessors. Assessors may be required to achieve higher levels of licensure in order to assess certain districts or to obtain certain assessor positions. The four levels of licensure are:

- Certified Minnesota Assessor (CMA)
- Certified Minnesota Assessor Specialist (CMAs)
- Accredited Minnesota Assessor (AMA)
- Senior Accredited Minnesota Assessor (SAMA)

**Continuing Education**

In addition to the requirements needed for licensing, the Board of Assessors has established a program of required continuing education for each level of licensure within each licensing period. This is necessary to improve, update, and maintain the knowledge and abilities that are needed by assessors in order to achieve excellence in the area of assessing.

The unit of measurement for accomplishment in continuing education is a Continuing Education Hour (CEH). The board requires that assessors must attain a specified number of CEHs, according to their level of licensure, during a four-year licensing period in order to remain licensed. Additional information on licensing and continuing education can be found on the Board of Assessors’ website.

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Anyone with questions to the State Board of Assessors concerning licensure, certification, continuing education, or rules see the [State Board of Assessors website](#) or contact them by phone at (651) 556-6086 or via email at [assessors.board@state.mn.us](mailto:assessors.board@state.mn.us).

Primary Statutory Reference: [270.41](#), Minnesota Rules [section 1950](#)

***Ethics Seminar for All Licensed Assessors***

The Department of Revenue is statutorily required to develop a code of conduct and ethics for all licensed Minnesota assessors. The Code of Conduct and Ethics for Licensed Minnesota Assessors was developed by members of the DOR, Minnesota Association of Assessing Officers, and the Board of Assessors. It was formally adopted by the Board of Assessors in December of 2005 and became effective March 1, 2006.

All licensed assessors who are licensed for one year or more in a four-year cycle will be required to attend and participate in an ethics course developed and presented by the Commissioner of Revenue. This requirement must be met at least once in every four-year period.

***Training and Education of Property Tax Personnel***

Every person licensed by the State Board of Assessors at the Accredited Minnesota Assessor level or higher, shall successfully complete a week-long Minnesota laws course sponsored by the Department of Revenue at least once in every four-year period. This course has been named the Professional Assessment Certification and Education (PACE) course. An assessor need not attend the course if they successfully pass the test for the course.

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The Commissioner of Revenue may also require that each county, and each city for which the city assessor performs the duties of county assessor, have:

1. a person on the county's staff (assessor, auditor, or treasurer) who is certified by the Department of Revenue in sales ratio calculations;
2. an officer or employee who is certified by the Department of Revenue in tax calculations; and
3. an officer or employee who is certified by the Department of Revenue in the proper preparation of PRISM submissions.

The Commissioner of Revenue may require that each county have an officer or employee who is certified by the Department of Revenue in the proper preparation of PRISM submissions.

The Commissioner of Revenue may require property tax training if it is determined property tax personnel have not been performing their functions in a uniform or equitable manner.

Primary Statutory Reference: [273.0755](#)

***Code of Conduct and Ethics for Licensed Minnesota Assessors***

The purpose of this code of conduct and ethics is to instill public confidence in property assessment and promote fairness and uniformity of assessment practices. As a licensed Minnesota assessor, it is your obligation to abide by the ethical and professional guidelines established in this code.

**1. Conduct and Performance**

- a. **Professionalism** – Conduct all duties and activities in a professional manner that will reflect favorably upon you, the jurisdiction, the assessment profession, and the property tax system.
- b. **Honesty** – Be honest in all dealings with property owners and their representatives.
- c. **Diligence** – Be diligent in the performance of your duties as prescribed by Minnesota Statutes and Minnesota Rules, Chapter 1950, and apply these laws and rules fairly and uniformly without advocacy for, or accommodation of, any special interests.
- d. **Excellence** – Perform all duties to the best of your ability so as to ensure fair and equitable assessments of all property.

**2. Conflicts of Interest**

- a. **Appearance of impropriety** – Avoid the appearance of impropriety even if no impropriety exists or is intended.
- b. **Prohibited assignments** – Accept no assignment in which you are related to the owner as spouse, parent, son or daughter by blood or marriage, or in which you have a financial or other interest in the property.

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**c. Unwarranted privileges** – Do not use your official position to secure privileges for yourself, your family, business associates, or any other person wherein you benefit directly or indirectly.

**3. Representation of Qualifications**

Do not claim professional qualifications that you do not possess.

**4. Cooperate and Investigations**

Cooperate with the Minnesota Department of Revenue and the State Board of Assessors in an investigation of the professional conduct of any assessor.

**5. Reporting Unethical Practices**

Report to the Minnesota Department of Revenue the unethical practices of actions of any assessor.

**6. Violations**

Violating this code of conduct and ethics may result in disciplinary actions by the State Board of Assessors and/or the Commissioner of Revenue.

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**Appendix**

**COUNTY ASSESSOR OATH OF OFFICE**

*State of Minnesota*

County of \_\_\_\_\_

I, \_\_\_\_\_ do swear and affirm that I will support the constitution of the United States and the Constitution of the State of Minnesota, and that I will be diligent, faithful, and impartial in the performance of the duties of the office of County Assessor for the county of \_\_\_\_\_, in the State of Minnesota, to the best of my judgement and ability in accordance with the law.

\_\_\_\_\_

*Signature*

Subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

Signature of Notary Republic	Date Commission Expires
Printed Name of Notary Republic	County of Residence



**Assessor Qualifications and Licensure**

**TOWN OR CITY ASSESSOR OATH OF OFFICE**

*State of Minnesota*

*County of* \_\_\_\_\_

*I, \_\_\_\_\_ do swear and affirm that I will be diligent, faithful, and impartial in the performance of the duties of the office of Town or City Assessor for \_\_\_\_\_, in the State of Minnesota, to the best of my judgement and ability in accordance with the law.*

\_\_\_\_\_  
*Signature*

*Subscribed and sworn before me this* \_\_\_\_\_ *day of* \_\_\_\_\_ *20* \_\_\_\_\_.

Signature of Notary Republic

Date Commission Expires

Printed Name of Notary Republic

County of Residence