



**LOCAL BOARD OF  
APPEAL AND EQUALIZATION  
AGENDA**

**Tuesday, April 26, 2016**

**7:00 p.m.**

**City Hall**

**Council Chambers**

- 
1. Call to order
  2. Appoint Debbie Miller as Secretary for the 2016 Annual Board of Appeal and Equalization
  3. Pledge of Allegiance
  4. Roll call
  5. Adopt agenda
  6. City Assessor introduces staff, Mike Sutherland and Alex Guggenberger from the County
  7. Presentation from the 2016 LBAE Book by City Assessor
  8. Hear appeals from property owners (taken in order as registered)
  9. Consider appeals received by letter
  10. Staff recommendations
  11. Select date for completion of Local Board of Appeal and Equalization (if necessary)
    - Tuesday, May 3, 2016
  12. Sign Board of Appeal and Equalization Certification Form (if complete)
  13. Adjourn



**LBAE**

7.

**Meeting Date:** 04/26/2016

**Subject:** Presentation from the 2016 LBAE Book by City Assessor

**From:** Ned Storla, City Assessor

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### **Information**

#### **INTRODUCTION**

The 2016 Coon Rapids Local Board of Appeal and Equalization is scheduled for Tuesday, April 26, 2016 at 7:00 PM in the Council Chambers.

#### **DISCUSSION**

Attached for your review are the following items:

- The 2016 Local Board of Appeal and Equalization book
- Agenda

The above information should be helpful to understand the valuation and taxation process. Please feel free to call with questions beforehand.

The property owners who would like to have the Board revalue their property may do so in order of registration. The Local Board of Appeal and Equalization has the power to increase the value being contested, reduce the value being contested, or keep the value being contested the same. City staff and the Board must complete its work within 20 days.

#### **RECOMMENDATION**

Staff recommends the Local Board of Appeal and Equalization reconvene on May 3, 2016 between 6 and 6:30 if necessary.

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### **Attachments**

2016LBAEBook

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COON  
RAPIDS  
Minnesota

*2016 Board of Appeal and Equalization*

*April 26, 2016*

# **I. PRESENTATION**



**Anoka County**  
 Jonell M. Sawyer, Division Manager  
 Property Records and Taxation  
 2100 3rd Avenue  
 Anoka, MN 55303-2281  
 (763) 323-5400  
 www.anokacounty.us

TAX STATEMENT		2016	
2015 Values for Taxes Payable in			
VALUES AND CLASSIFICATION			
Taxes Payable Year:		2015	2016
Step 1	Estimated Market Value:	273,100	277,600
	Homestead Exclusion:	12,661	12,256
	Taxable Market Value:	260,439	265,344
	New Improvements/ Expired Exclusions:	1,600	5,700
	Property Classification:	Res Hstd	Res Hstd
<i>Sent in March 2015</i>			
Step 2	PROPOSED TAX		
	2016 Proposed Property Tax:		\$3,598.29
<i>Sent in November 2015</i>			
Step 3	PROPERTY TAX STATEMENT		
	1st Half Taxes:		\$1,809.83
	2nd Half Taxes:		\$1,809.83
	Total Taxes Due in 2016:		\$3,619.66

Taxpayer(s):

Property I.D.: 12-31-24-43-0033 REAL  
 Property Description: SAND CREEK HEIGHTS LOT 4 BLK 1 SAND CREEK HEIGHTS(SUBJ TO EASE AS SHOWN ON PLAT)

TCA: 17011A

Owner(s):

**\$\$\$**  
**REFUNDS?**

*You may be eligible for one or even two refunds to reduce your property tax. Read the back of this statement to find out how to apply.*

Taxes Payable Year:	2015	2016
1. Use this amount on Form MIPR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible. <input type="checkbox"/>		\$3,595.64
2. Use these amounts on Form MIPR to see if you are eligible for a special refund.	\$3,503.03	
<b>Property Tax and Credits</b>		
3. Property taxes before credits	\$3,503.03	\$3,595.64
4. Credits that reduce property taxes		
A. Agricultural market value credit	\$0.00	\$0.00
B. Other credits	\$0.00	\$0.00
5. Property taxes after credits	\$3,503.03	\$3,595.64
<b>Property Tax by Jurisdiction</b>		
6. County		
A. General county levy	\$992.72	\$1,031.86
B. Regional rail authority	\$24.51	\$22.58
7. County/municipal public safety system	\$8.33	\$13.37
8. City or town	\$1,165.39	\$1,191.40
9. State general tax	\$0.00	\$0.00
10. School district #11		
A. Voter approved levies	\$470.43	\$506.36
B. Other local levies	\$695.78	\$659.75
11. Special taxing districts		
A. Metropolitan special taxing districts	\$74.13	\$79.08
B. Other special taxing districts	\$71.74	\$91.24
C. Tax increment	\$0.00	\$0.00
D. Fiscal disparity	\$0.00	\$0.00
12. Non-school voter approved referenda levies	\$0.00	\$0.00
13. Total property tax before special assessments	\$3,503.03	\$3,595.64
<b>Special Assessments</b>		
14. Special assessments		
A. Solid waste management charge	\$24.02	\$24.02
B. All other special assessments	\$0.00	\$0.00
C. Contamination tax	\$0.00	\$0.00
15. TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	\$3,527.05	\$3,619.66

**2nd HALF PAYMENT STUB - PAYABLE 2016**

Property I.D.: 12-31-24-43-0033 REAL

To avoid penalty, pay on or before October 15, 2016

Total Property Tax for 2016: \$3,619.66  
 Second-half payment due Oct 15: \$1,809.83

Taxpayer(s):

Please Include Property I.D. on Check  
 Make Check Payable To: Anoka County  
 2100 3rd Ave., ANOKA, MN 55303

Check to indicate address correction on back

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

12-31-24-43-0033 000001809.83

**1st HALF PAYMENT STUB - PAYABLE 2016**

Property I.D.: 12-31-24-43-0033 REAL

To avoid penalty, pay on or before May 15, 2016

Total Property Tax for 2016: \$3,619.66  
 First-half payment due May 15: \$1,809.83

If your tax is \$100.00 or less, pay the entire tax by May 15.

Taxpayer(s):

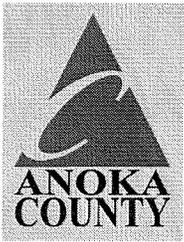
Please Include Property I.D. on Check  
 Make Check Payable To: Anoka County  
 2100 3rd Ave., ANOKA, MN 55303

Check to indicate address correction on back

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

12-31-24-43-0033 000001809.83

12-31-24-43-0033 000003619.66



## Anoka County

Property Records and Taxation  
 Michael R. Sutherland  
 2100 3rd Avenue  
 Anoka, MN 55303-2281  
 (763) 323-5475  
 E-mail: [proptax@co.anoka.mn.us](mailto:proptax@co.anoka.mn.us)  
[www.anokacounty.us](http://www.anokacounty.us)

## VALUATION NOTICE

# 2017

### 2016 Values for Taxes Payable in

Property tax notices are delivered on the following schedule:

Step	Valuation and Classification Notice	
1	Class: Res Hstd	<i>See Details Below.</i>
	Estimated Market Value: \$283,800	
	Homestead Exclusion: \$11,698	
	Taxable Market Value: \$272,102	

Step	Proposed Taxes Notice	
2	2016 Tax:	
	2017 Proposed:	<i>Coming November 2016</i>
	Change:	

Step	Property Tax Statement	
3	Taxes Due May 15:	
	Non-Ag Taxes Due October 15:	<i>Coming March 2017</i>
	Ag Taxes Due November 15:	
	Total Taxes Due in 2017:	

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

It will be too late when proposed taxes are sent.

### Your Property's Classification(s) and Values

	Taxes Payable in 2016 (2015 Assessment)	Taxes Payable in 2017 (2016 Assessment)
<i>The assessor has determined your property's classification(s) to be:</i>		
<input type="checkbox"/> If this box is checked, your classification has changed from last year's assessment.	Res Hstd	Res Hstd
<i>The assessor has estimated your property's market value to be:</i>		
<b>Estimated Market Value</b>	\$277,600	\$283,800
<i>Several factors can reduce the amount that is subject to tax:</i>		
Homestead Market Value Exclusion	\$12,256	\$11,698
<b>Taxable Market Value</b>	<b>\$265,344</b>	<b>\$272,102</b>
<i>The following values (if any) are reflected in your estimated and taxable market values:</i>		
New Improvement Value	\$5,700	
<i>The classification(s) of your property affect the rate at which your value is taxed.</i>		

### How to Respond

If you believe your valuation and property class are correct, it is not necessary to contact your assessor or attend any listed meetings.

If the property information is not correct, you disagree with the values, or have other questions about this notice, **please contact your assessor first to discuss any questions or concerns.** Often your issues can be resolved at this level. If your questions or concerns are not resolved, more formal appeal options are available.

**Please read the back of this notice** for important information about the formal appeal process.

Property information is available for viewing Monday - Friday, 8:00 AM - 4:30 PM at the Anoka County Government Center, Room 165 Public Research Area, 2100 3rd Ave., Anoka, or online at [www.anokacounty.us](http://www.anokacounty.us).

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

#### Local Board of Appeal and Equalization

April 26, 2016 7:00 PM  
 Coon Rapids City Hall  
 11155 Robinson Dr NW  
 Coon Rapids MN 55433

To appear please call your Local Assessor at 763-767-6446.

#### County Board of Appeal and Equalization

June 13, 2016 6:00 PM  
 Anoka County Government Center  
 County Boardroom - Room 705  
 2100 3rd Ave  
 Anoka MN 55303

An appointment must be made in advance to appear before the board. To schedule an appointment please call the County Assessor's Office at 763-323-5475.

## Appealing the Value or Classification of Your Property

### Informal Appeal Options - Contact Your Assessor

If you have questions or disagree with the classification or estimated market value for your property for the 2016 assessment, please contact your assessor's office first to discuss your concerns. Often your issues can be resolved at this level. Contact information for your assessor's office is on the other side of this notice.

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

### Formal Appeal Options

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

#### Option 1 - The Boards of Appeal and Equalization

You may appear before the Boards of Appeal and Equalization in person, through a letter, or through a representative authorized by you. The meeting times and locations are on the other side of this notice.

**You must have presented your case to the Local Board of Appeal and Equalization BEFORE appealing to the County Board of Appeal and Equalization.**

##### Step 1 - Local Board of Appeal and Equalization

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

##### Step 2 - County Board of Appeal and Equalization

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

#### Option 2 - Minnesota Tax Court

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

For more information, contact the Minnesota Tax Court:

**Phone:** 651-296-2806 or for MN Relay call 1-800-627-3529

**On the web:** [www.taxcourt.state.mn.us](http://www.taxcourt.state.mn.us)

## Definitions

**Disabled Veterans Exclusion** - Qualifying disabled veterans may be eligible for a valuation exclusion on their homestead property.

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

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

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

**JOBZ** - Qualifying businesses within a Job Opportunity Business Zone may be eligible for a partial property tax exemption.

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

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

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

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

**This Old House Exclusion** - This program expired with the 2003 assessment. However, property may still be receiving the value exclusion through the 2013 assessment. Qualifying properties with improvements that increased the estimated market value by \$5,000 or more were eligible to have some of the value deferred for a maximum of 10 years. After this time the deferred value is phased in.

## HOMESTEAD MARKET VALUE EXCLUSION

### COMPUTATION OF CREDIT AND EXCLUSION AMOUNTS

Even though the tax benefits of the credit and the exclusion are not equal, the calculation of the exclusion amount is similar to the calculation of the former credit. Both reach their maximum at \$76,000 of market value (\$304 for the credit; \$30,400 for the exclusion). Both reduce to \$0 at about \$414,000 of market value.

**Credit** = 0.4% of the first \$76,000,  
minus 0.09% of the value over \$76,000.

**Exclusion** = 40% of the first \$76,000,  
minus 9% of the value over \$76,000.

**Example:** A house valued at \$116,000.

<p><b>Credit</b> = (0.4% x \$76,000) – (\$40,000 x 0.09%) = \$304 – \$36 = \$268</p>	<p><b>Exclusion</b> = (40% x \$76,000) – (\$40,000 x 9%) = \$30,400 – \$3,600 = \$26,800</p>
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### WANT MORE DETAILS? CONSIDER THIS THEORETICAL ILLUSTRATION

Similarly computed amounts do not yield equal benefits:

AVERAGE TAX RATE ILLUSTRATION		
	Old Law: <b>Credit</b>	New Law: <b>Exclusion</b>
Estimated Market Value	\$116,000	\$116,000
Exclusion	\$0	\$26,800
Taxable Market Value	\$116,000	\$89,200
Class Rate	1%	1%
Net Tax Capacity	\$1,160	\$892
Tax Rate	105.810%	110.920%
Gross Tax	\$1,227	\$989
Credit	\$268	\$0
Net Tax	\$959	\$989

LOW TAX RATE ILLUSTRATION		
	Old Law: <b>Credit</b>	New Law: <b>Exclusion</b>
Tax Rate	63.486%	66.552%
Gross Tax	\$736	\$594
Credit	\$268	\$0
Net Tax	\$468	\$594

Let's say you live in a house valued at \$116,000.

Under the old law the full value was taxed, but the new exclusion lowers the taxable value.

Different classes of property are taxed at different levels. The first \$500,000 of homestead value has a rate of 1%. (Higher value has a rate of 1.25%.)

"Net tax capacity" is a term describing the taxable value after class rates are applied. Again, this is lower under the new law due to the exclusion.

Tax rates increase because the exclusion shrinks the taxable value. This illustration shows statewide average rates before and after the change.

The gross tax under the old law was higher because there was no exclusion, but the credit reduced the net tax. Under the new law the gross and net are the same. Here the increase is modest, but...

Tax rates affect the relative strength of the exclusion because multiplying excluded value by a low rate is less beneficial than multiplying it by a high rate. So, under a "low tax rate" example, the increase in tax is more extreme.

NOTE: This illustration does not reflect an actual location.

### WHAT ELSE AFFECTS MY TAXES (IN ADDITION TO THE HOMESTEAD BENEFIT)?

**Local levy decisions**, including the effects of changes in state aid and local budget priorities.

**Market forces** can affect property taxes in two ways:

- The **value of your property** may increase or decrease.
- The **value of other properties** may increase or decrease and change the share that your property is of the total tax base, whether your property's value changed or not.

Various other changes (the **classification** or your property, eligibility for **other benefits**, and miscellaneous **law changes**) may also affect property taxes.

## PURPOSE, RESPONSIBILITIES AND PROCEDURES OF THE BOARD OF APPEAL AND EQUALIZATION

The **purpose** of the Board of Appeal and Equalization (the Board) is to establish an orderly and consistent appeal procedure for property owners who want to challenge the estimated market value or classification of their property. As the Board of Appeal and Equalization, the City Council has the ability to change values or classifications in accordance with State law. State Statute reads:

*"All real property subject to taxation shall be listed and reassessed every year with reference to its value on January 2nd preceding the assessment."*

At least **one** voting member at each meeting of a Local Board of Appeal and Equalization must have attended an appeals and equalization course developed or approved by the Commissioner of Revenue within the last four years. The appeals and equalization course details the responsibilities, procedures and requirements of Boards including:

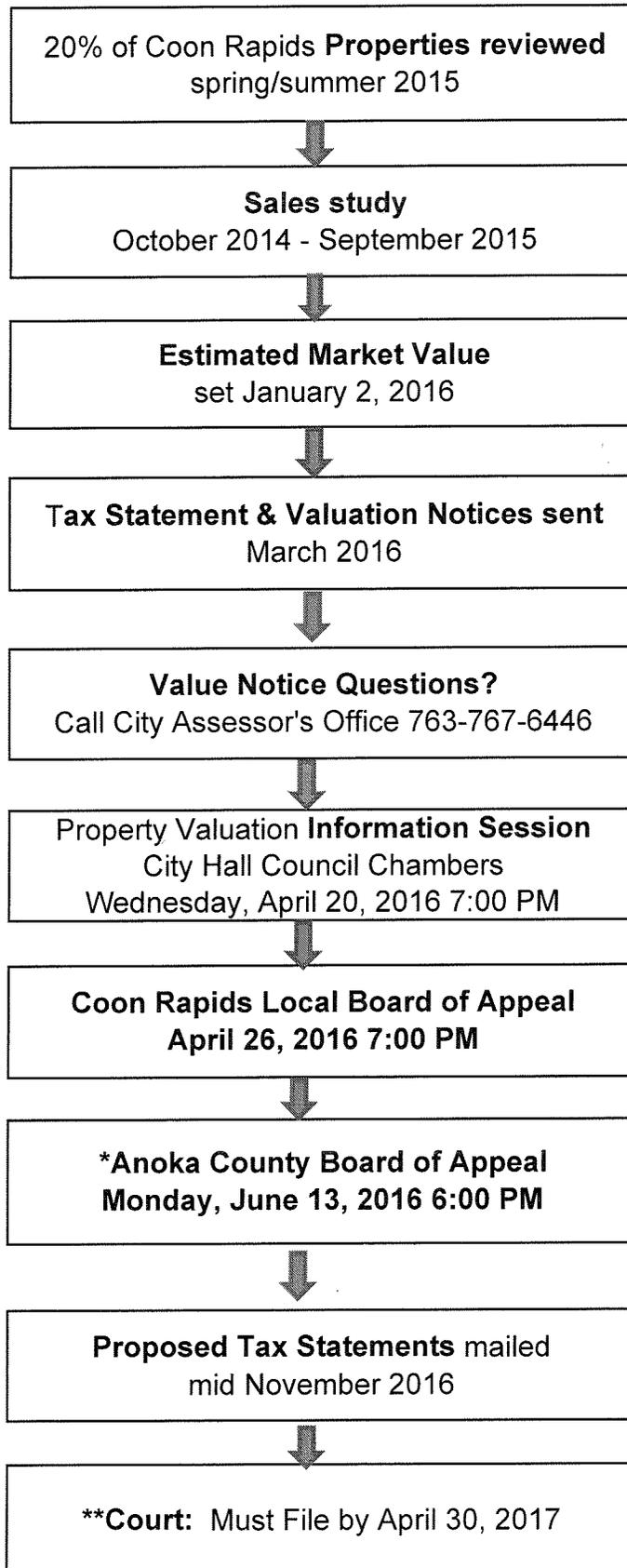
- the role of the local board in the assessment process;
- the legal and policy reasons for fair and impartial appeal and equalization hearings;
- local board meeting procedures that foster fair and impartial assessment reviews and other best practices recommendations;
- quorum requirements for local boards; and
- explanations of alternate methods of appeal.

The **rules** and responsibilities of the Board of Appeal and Equalization, according to Minnesota State Statute, are:

- A majority of the members be in attendance in order to have a quorum.
- The Board shall see that all taxable property is properly valued and classified.
- If property has been omitted from the tax rolls, it may be added by the Board.
- The Board cannot give a class of property an increase or a decrease. The Board may only increase or decrease individual properties.
- As the Board makes reductions to individual properties, the amount of the reduction cannot exceed 1% of the City-wide aggregate assessment.
- The Board must hear cases for the current assessment. This year the Board will review the cases for the 2016 assessment for taxes payable in 2017.
- If the Board finds a case of under valuation, the Board may raise the value of a property but it must first notify the owner.
- The Board must complete and adjourn within twenty days from the time it convened.

# ASSESSMENT AND VALUATION TIMELINE

## 2016 Market Value for Taxes Payable 2017



January 2, 2016 values were established per State law from "qualified" sales occurring between October 1, 2014 and September 30, 2015. Qualified sales include all "non-distressed open-market arms-length transactions" and are included in sales studies. Studies do not include "distressed sales" such as foreclosures, sales to relatives, sales subject to short sale, estate sales, etc. The qualified sales information is used to update the market value as of January 2, 2016 (for taxes payable in 2017).

Values are set using sales from three to fifteen months before the assessment date. The residential properties are valued using sales from within each neighborhood group, whenever possible.

Maintaining the same valuation process every year ensures equalized assessments for all properties.

\*If the Coon Rapids Local Board of Appeal and Equalization arrives at a value not agreed with, the case may be heard by the County Board of Appeal and Equalization. It must first be appealed at the local level.

\*\*Property owners can go directly to court without going to the City or County Board of Appeal. For more information, contact:

Minnesota Tax Court  
25 Rev. Dr. Martin Luther King, Jr. Blvd, Room 245  
St. Paul, MN 55115  
Phone: 651-296-2806  
Website: [www.taxcourt.state.mn.us](http://www.taxcourt.state.mn.us)

## DEFINITION OF MARKET VALUE

State Statute reads: "*All real property subject to taxation shall be listed and reassessed every year with reference to its value on January 2nd preceding the assessment.*" This has been done and the owners of property in Coon Rapids have been notified of any value change. Minnesota Statute 273.11 reads: "*All property shall be valued at its market value.*" It further states, "*In estimating and determining such value, the Assessor shall not adopt a lower or different standard of value because the same is to serve as a basis for taxation, nor shall the assessor adopt as a criterion of value the price for which such property would sell at auction or at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money.*" The Statute says all property shall be valued at market value, not may be valued at market value. This means that no factors other than market factors should affect the Assessor's value and the subsequent action by the Board of Appeal and Equalization.

**Market value** is **defined** many ways. Many appraisers define it as follows:

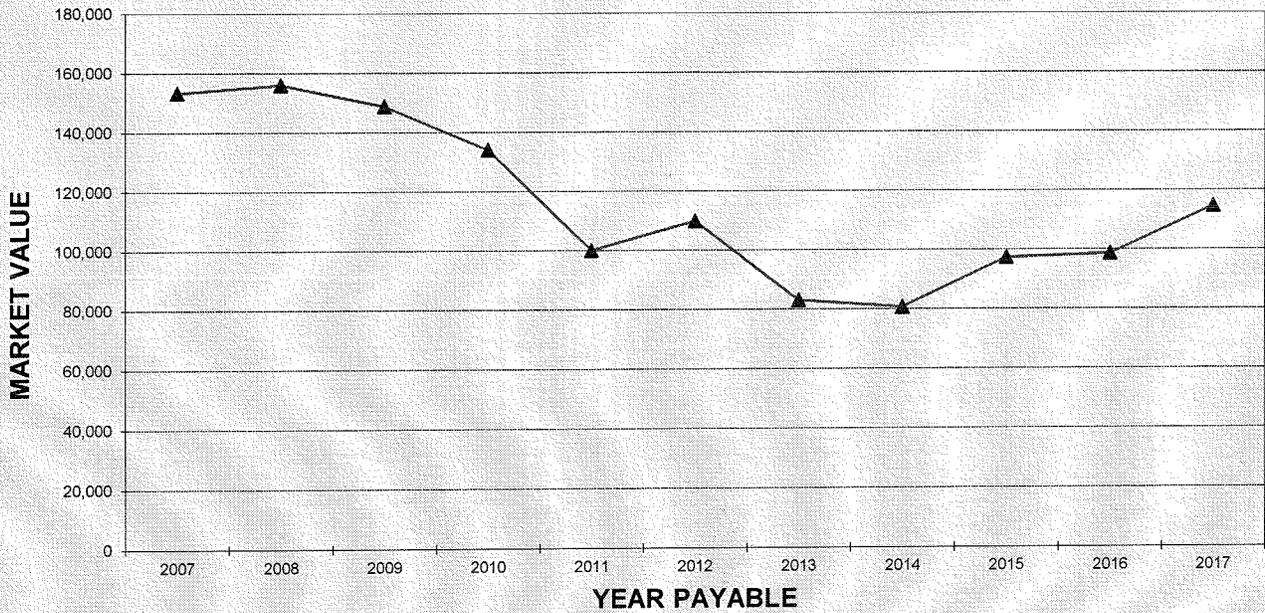
The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by any undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

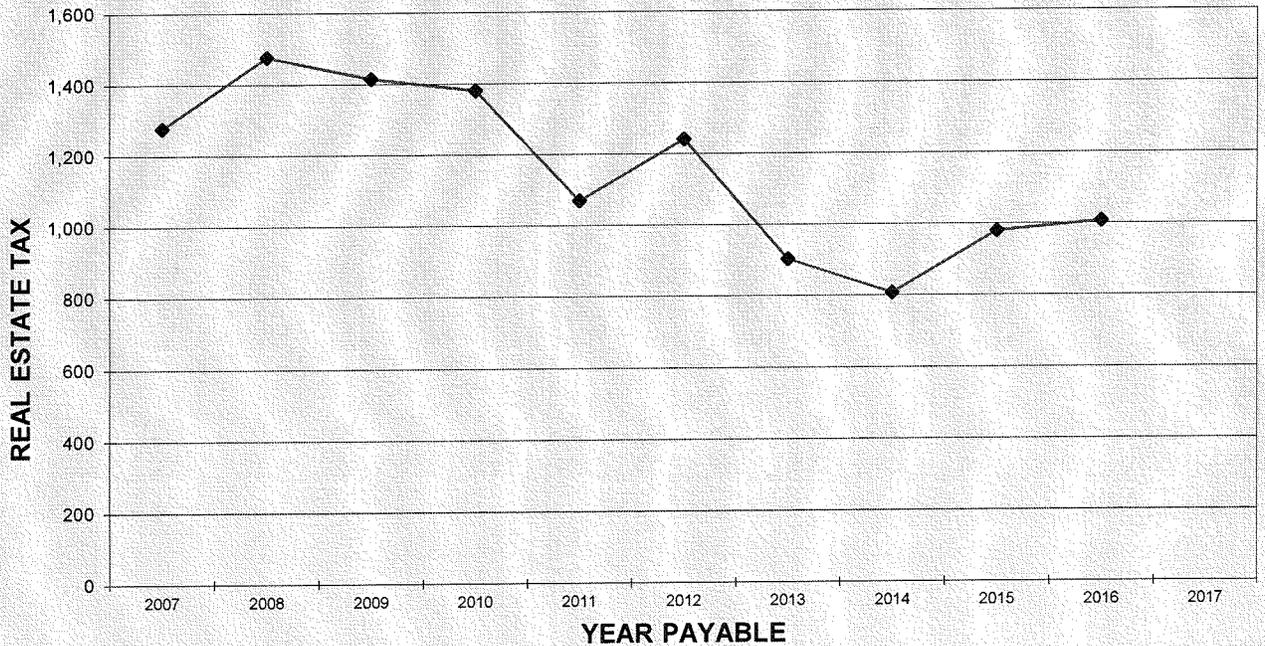
## **II. BENCHMARK PROPERTIES**

**BENCHMARK PROPERTIES  
(LOWER VALUED HOME)**

**MARKET VALUE HISTORY  
LOT 4, BLOCK 4, WOODCREST**

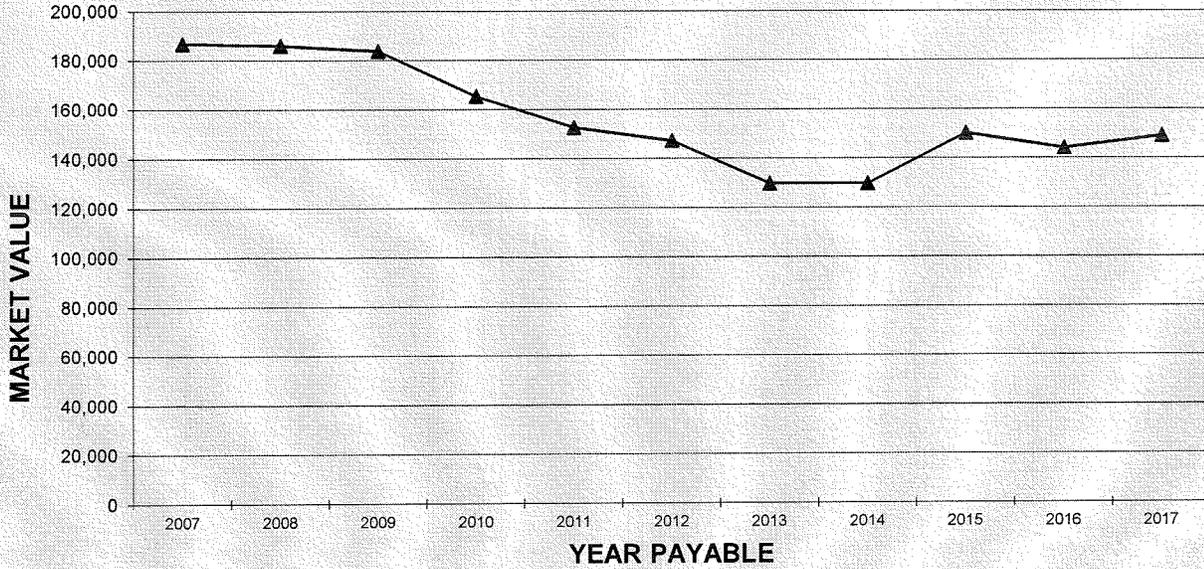


**REAL ESTATE TAX HISTORY  
LOT 4, BLOCK 4, WOODCREST**

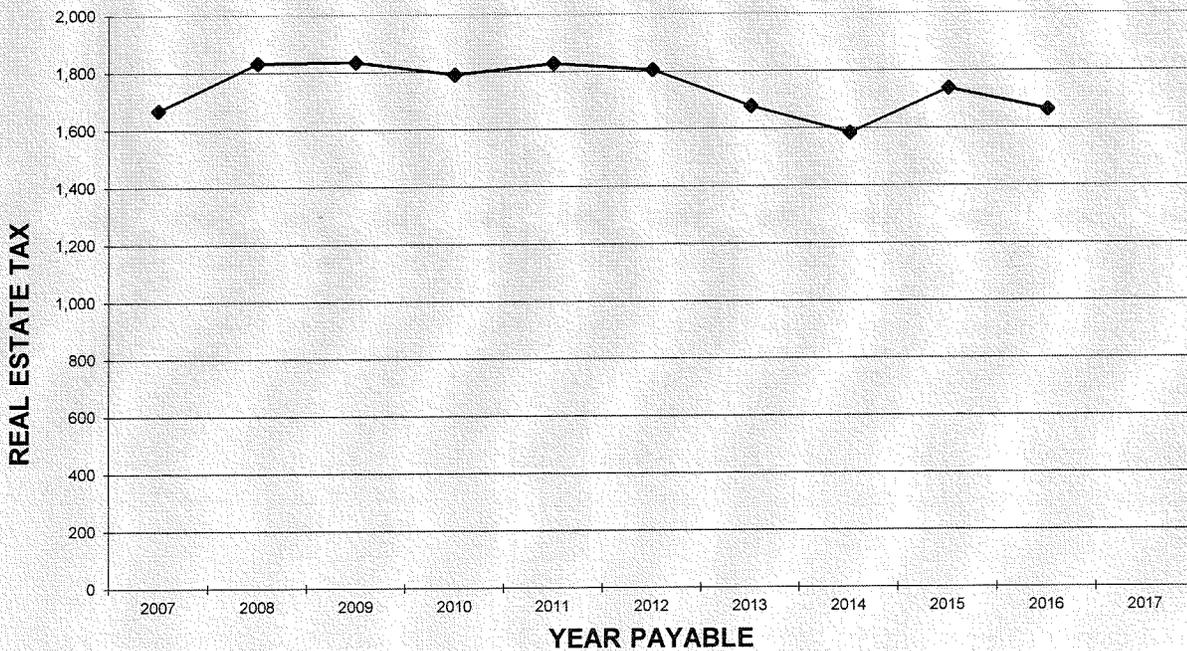


# BENCHMARK PROPERTIES (MIDDLE VALUED HOME)

## MARKET VALUE HISTORY LOT 6, BLOCK 6, THOMPSON HGTS, 5TH

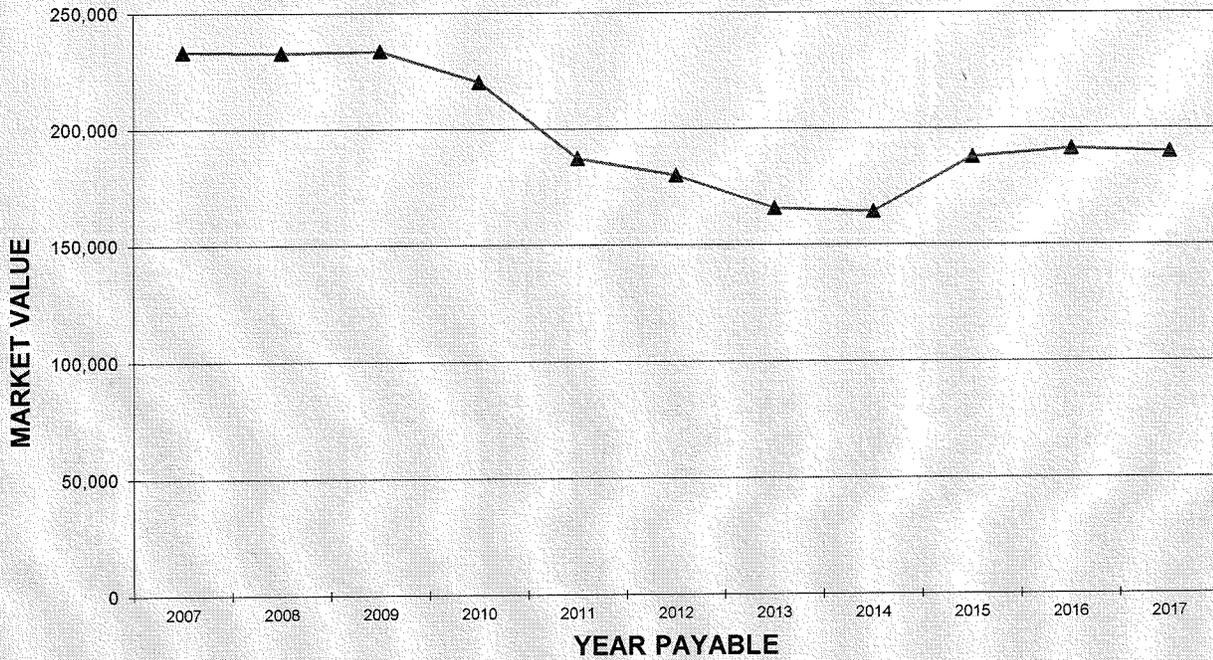


## REAL ESTATE TAX HISTORY LOT 6, BLOCK 6, THOMPSON HGTS, 5TH

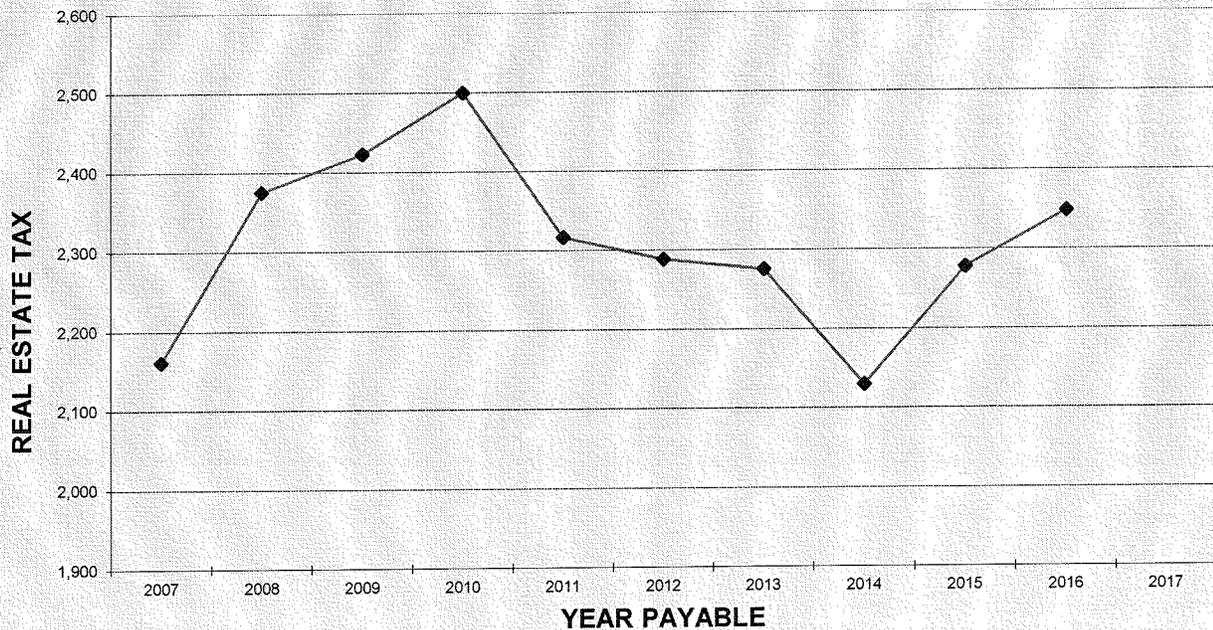


**BENCHMARK PROPERTIES  
(UPPER MIDDLE-1 VALUED HOME)**

**MARKET VALUE HISTORY  
LOT 12, BLOCK 1, DALYCE 4TH ADDITION**

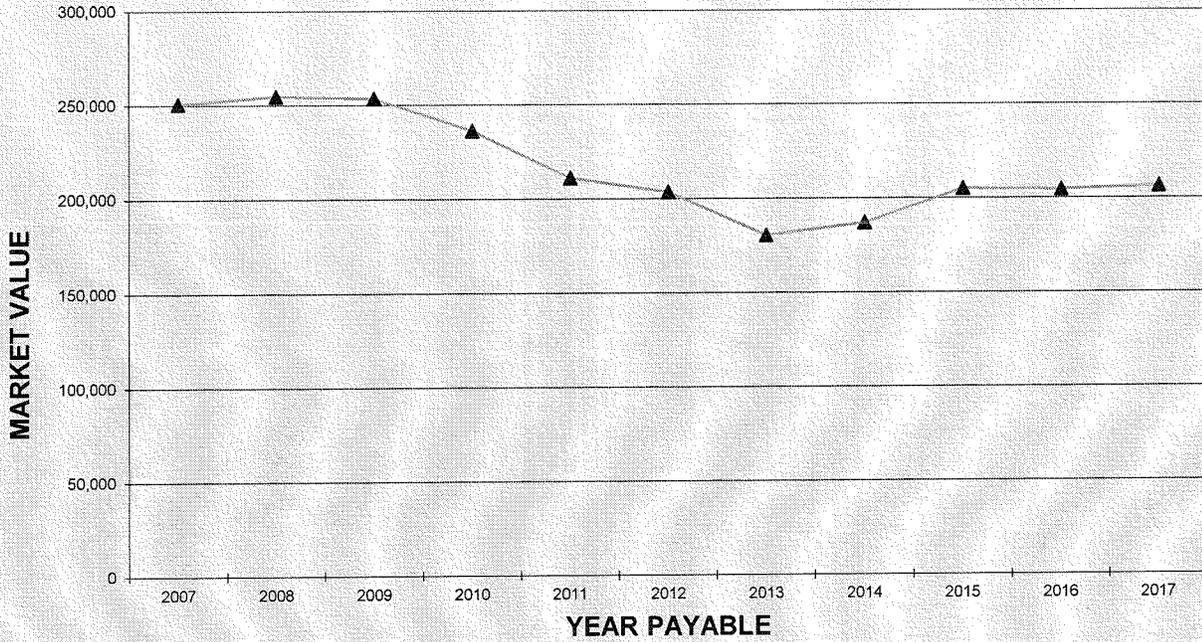


**REAL ESTATE TAX HISTORY  
LOT 12, BLOCK 1, DALYCE 4TH ADDITION**

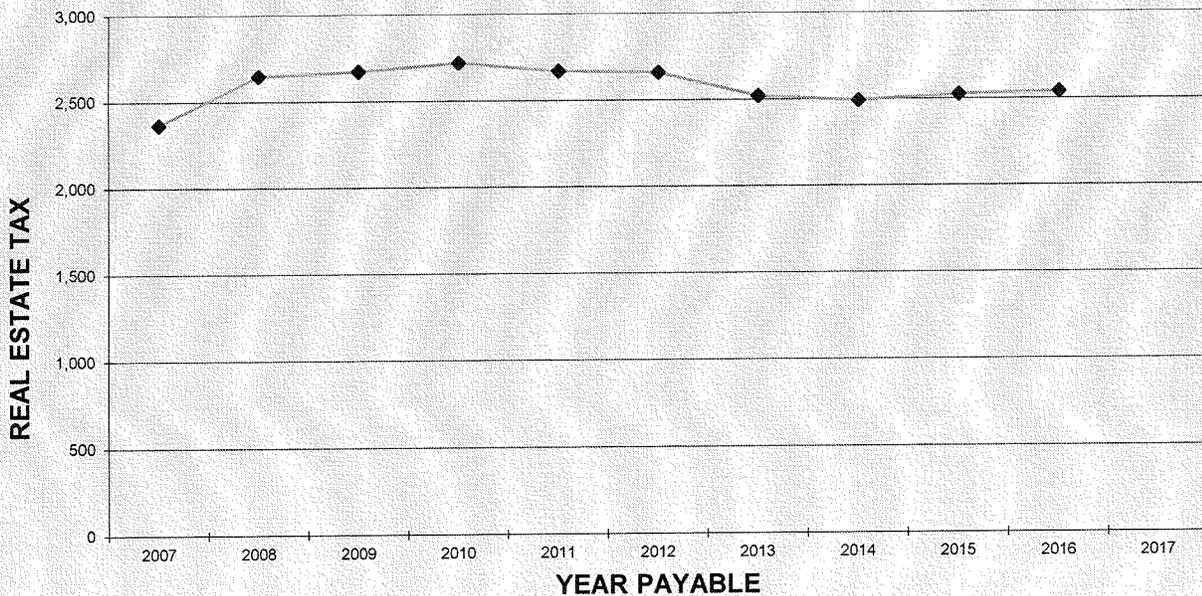


**BENCHMARK PROPERTIES  
(UPPER MIDDLE-2 VALUED HOME)**

**MARKET VALUE HISTORY  
LOT 8, BLOCK 3, CREEK VILLAS N. 2ND**

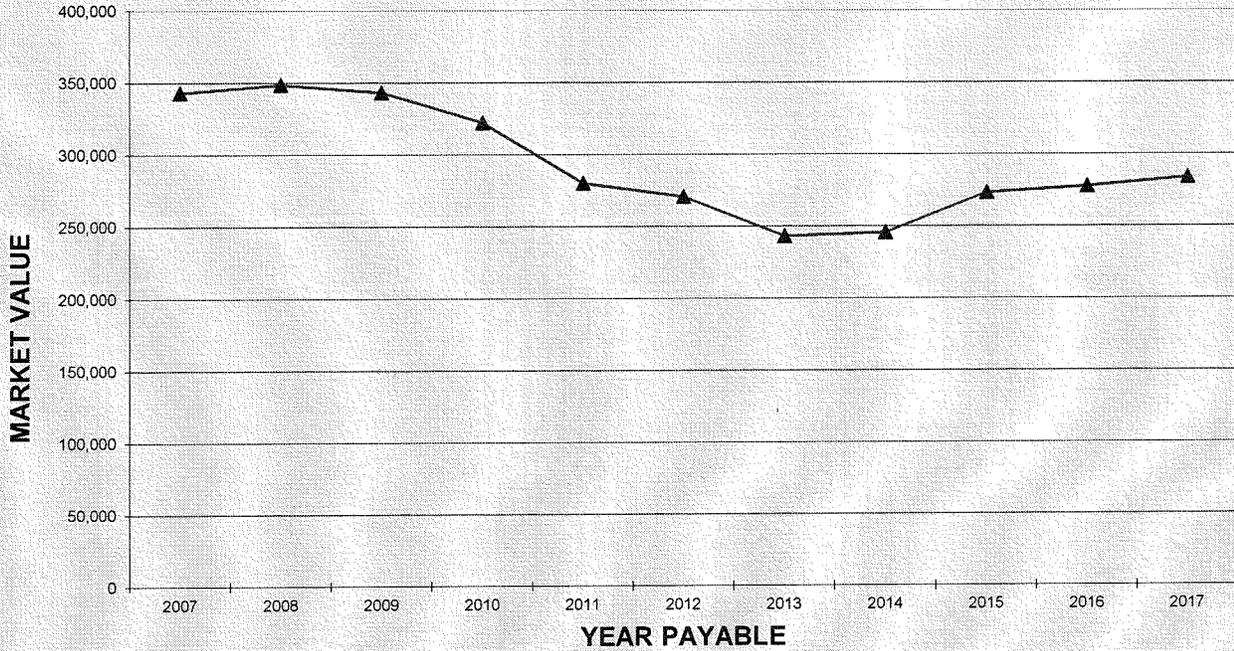


**REAL ESTATE TAX HISTORY  
LOT 8, BLOCK 3, CREEK VILLAS N. 2ND**

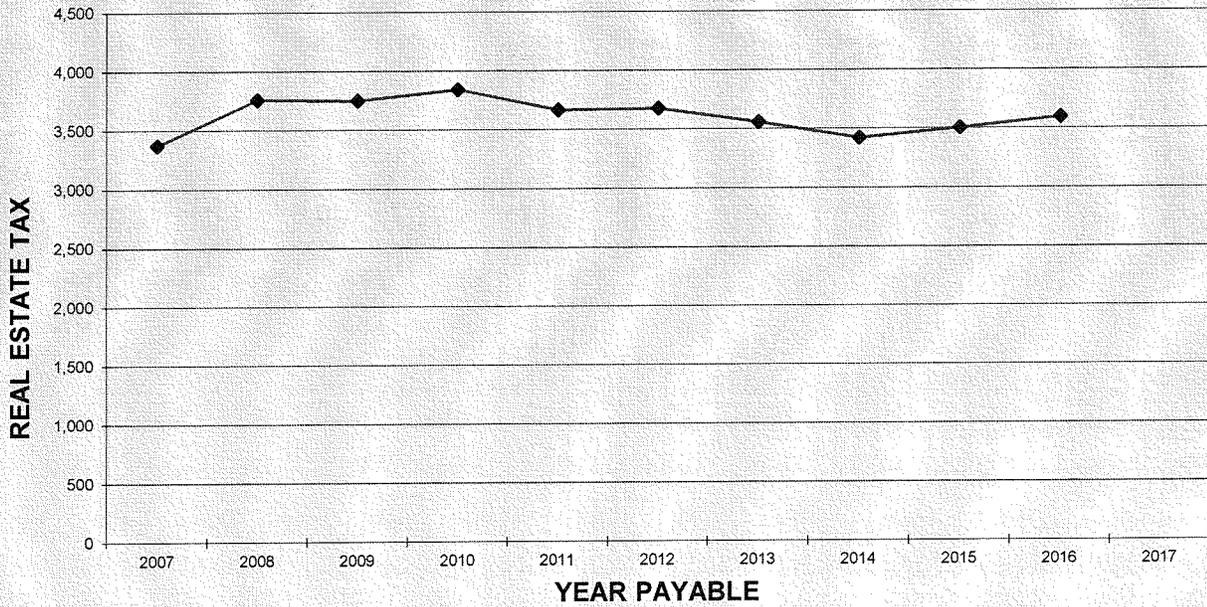


# BENCHMARK PROPERTIES (HIGHER VALUED HOME)

## MARKET VALUE HISTORY LOT 4, BLOCK 1, SAND CREEK HEIGHTS

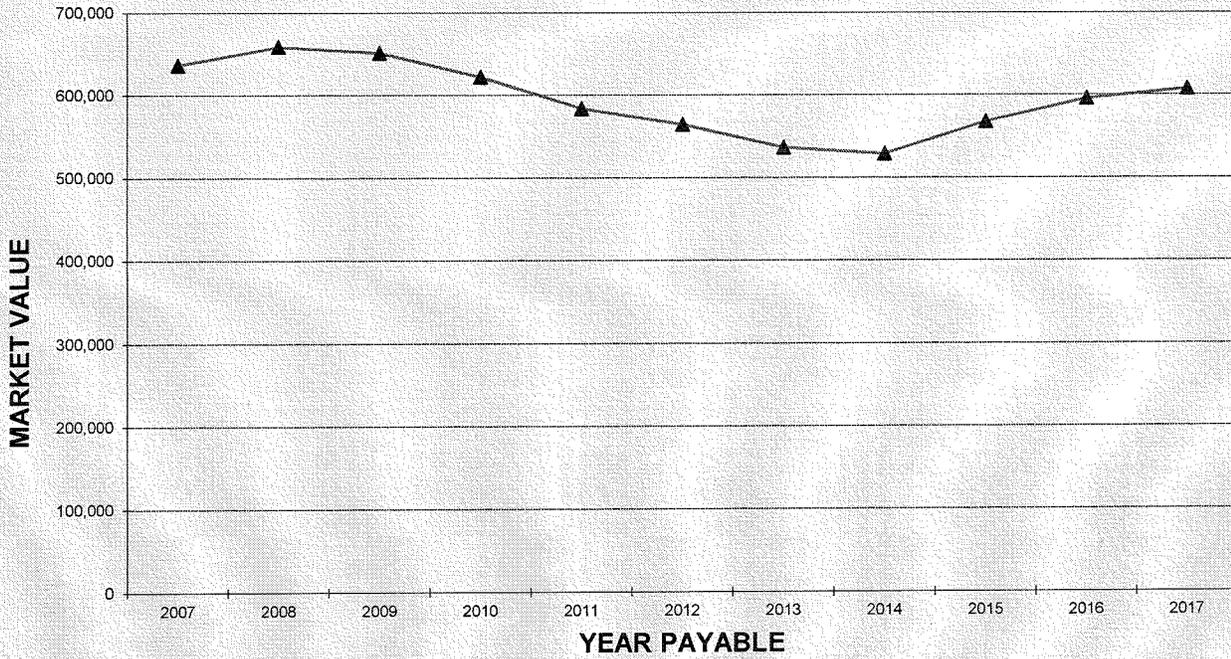


## REAL ESTATE TAX HISTORY LOT 4, BLOCK 1, SAND CREEK HEIGHTS

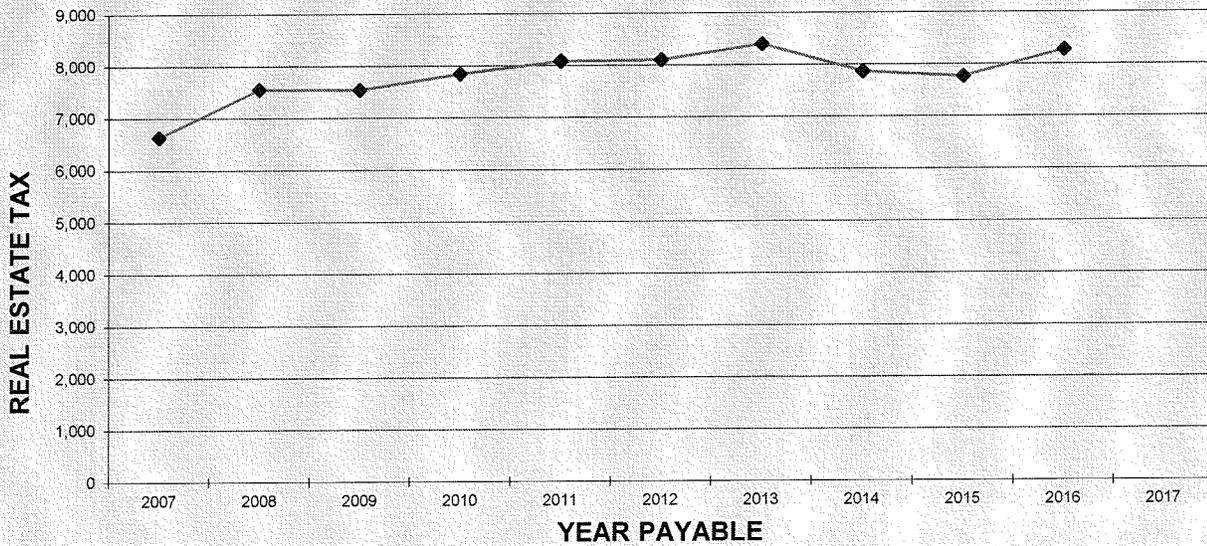


# BENCHMARK PROPERTIES (ESTATE VALUED HOME)

## MARKET VALUE HISTORY PT. LOTS 10-12 MISSISSIPPI SHORES



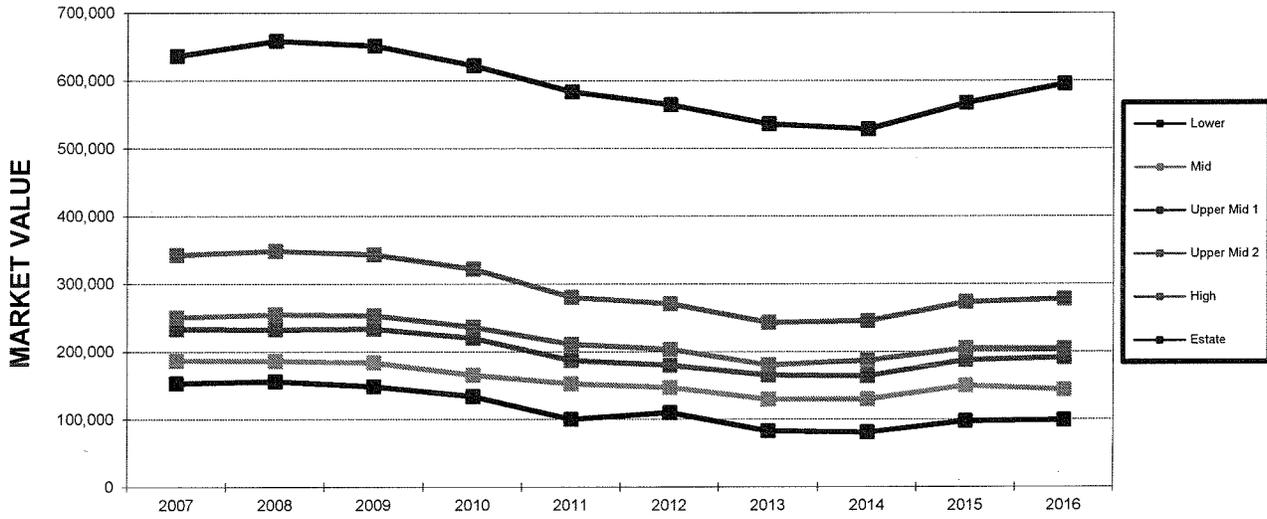
## REAL ESTATE TAX HISTORY PT. LOTS 10-12, MISSISSIPPI SHORES



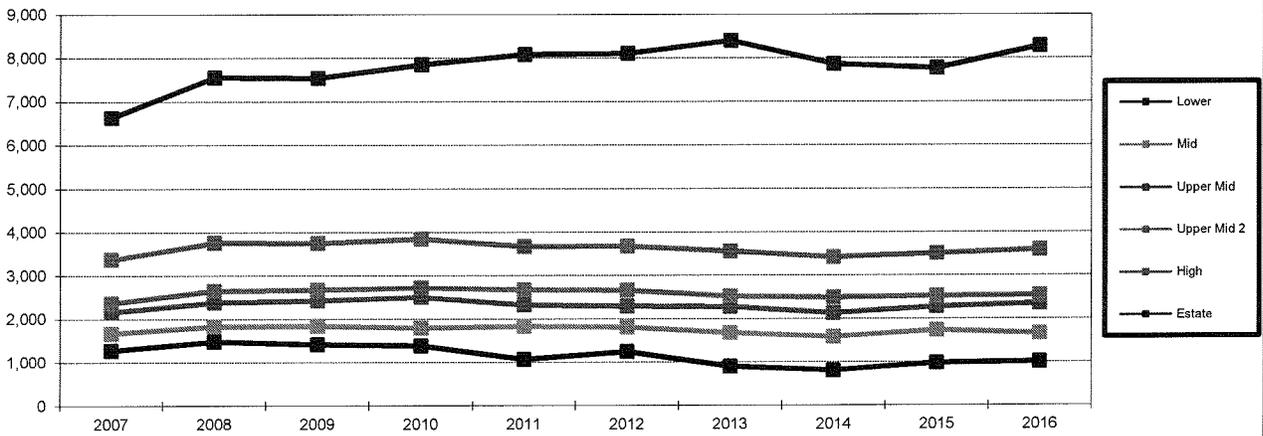
SUMMARY OF BENCHMARK PROPERTIES  
MARKET VALUE, TAXES AND SALE PRICES

YEAR	Lower Valued Home 25-31-24-22-0014 Lot 4, Block 4, Woodcrest		Middle Valued Home 09-31-24-43-0028 Lot 6, Block 6, Thompson Hghts. 5th		Upper Middle Valued Home-1 22-31-24-44-0032 Lot 12, Block 1 Dalyce 4th Addition		Upper Middle Valued Home-2 12-31-24-32-0017 Lot 8, Block 3, Creek Villas North 2nd		Higher Valued Home 12-31-24-43-0033 Lot 4, Block 1, Sand Creek Heights		Estate Valued Home 21-31-24-22-0006 Pt. of Lots 10-12 Mississippi Shores	
	VALUE	TAX	VALUE	TAX	VALUE	TAX	VALUE	TAX	VALUE	TAX	VALUE	TAX
2007	153,300	1,277.04	186,800	1,667.75	233,300	2,175.69	250,600	2,364.18	342,800	3,371.01	636,400	6,630.58
2008	156,000	1,476.48	186,000	1,832.03	232,800	2,374.94	254,700	2,646.25	348,500	3,757.95	658,500	7,551.85
2009	148,800	1,414.60	183,800	1,834.93	233,600	2,422.69	253,400	2,670.78	343,200	3,749.23	651,300	7,540.27
2010	134,000	1,380.82	165,300	1,790.33	220,200	2,499.76	236,300	2,719.28	322,100	3,841.86	622,200	7,846.71
2011	100,000	1,069.62	152,600	1,828.13	187,300	2,316.46	211,000	2,670.27	280,000	3,665.26	583,800	8,084.97
2012	109,900	1,240.90	147,200	1,805.67	180,000	2,288.46	203,500	2,659.48	270,600	3,676.17	564,300	8,103.00
2013	83,000	902.68	129,700	1,677.51	165,700	2,275.61	180,400	2,519.22	243,100	3,559.03	536,300	8,399.92
2014	80,700	807.26	129,700	1,583.36	164,200	2,129.83	187,000	2,491.62	245,600	3,420.26	528,700	7,864.77
2015	97,300	979.01	150,100	1,737.69	187,700	2,277.76	205,000	2,525.52	273,100	3,503.03	567,600	7,765.10
2016	98,600	1,006.86	144,000	1,663.65	191,300	2,348.23	204,500	2,539.28	277,600	3,595.64	595,500	8,278.80
2017	114,700		148,900		189,900		206,400		283,800		607,400	

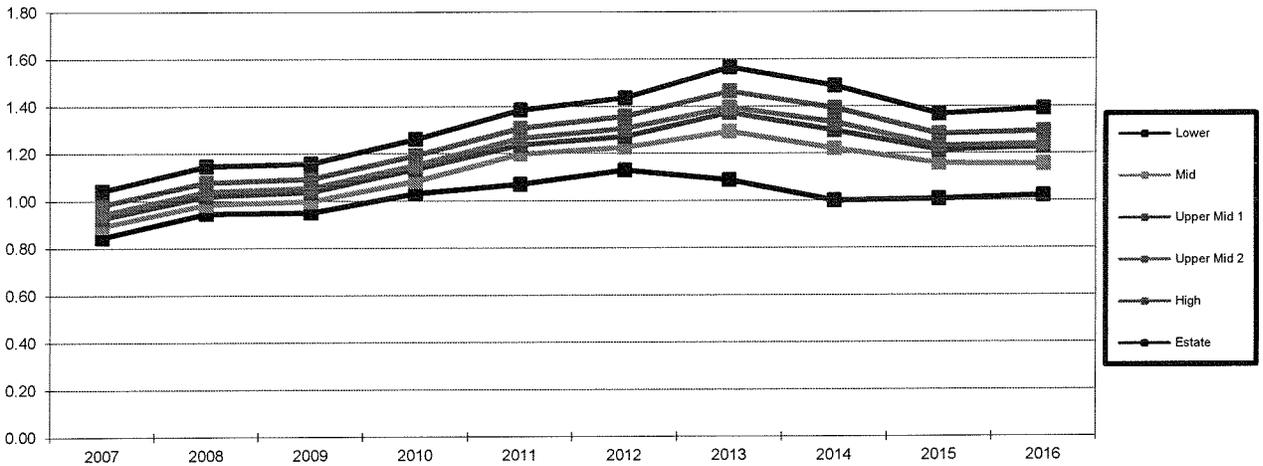
## MARKET VALUE TRENDS 2007-2016

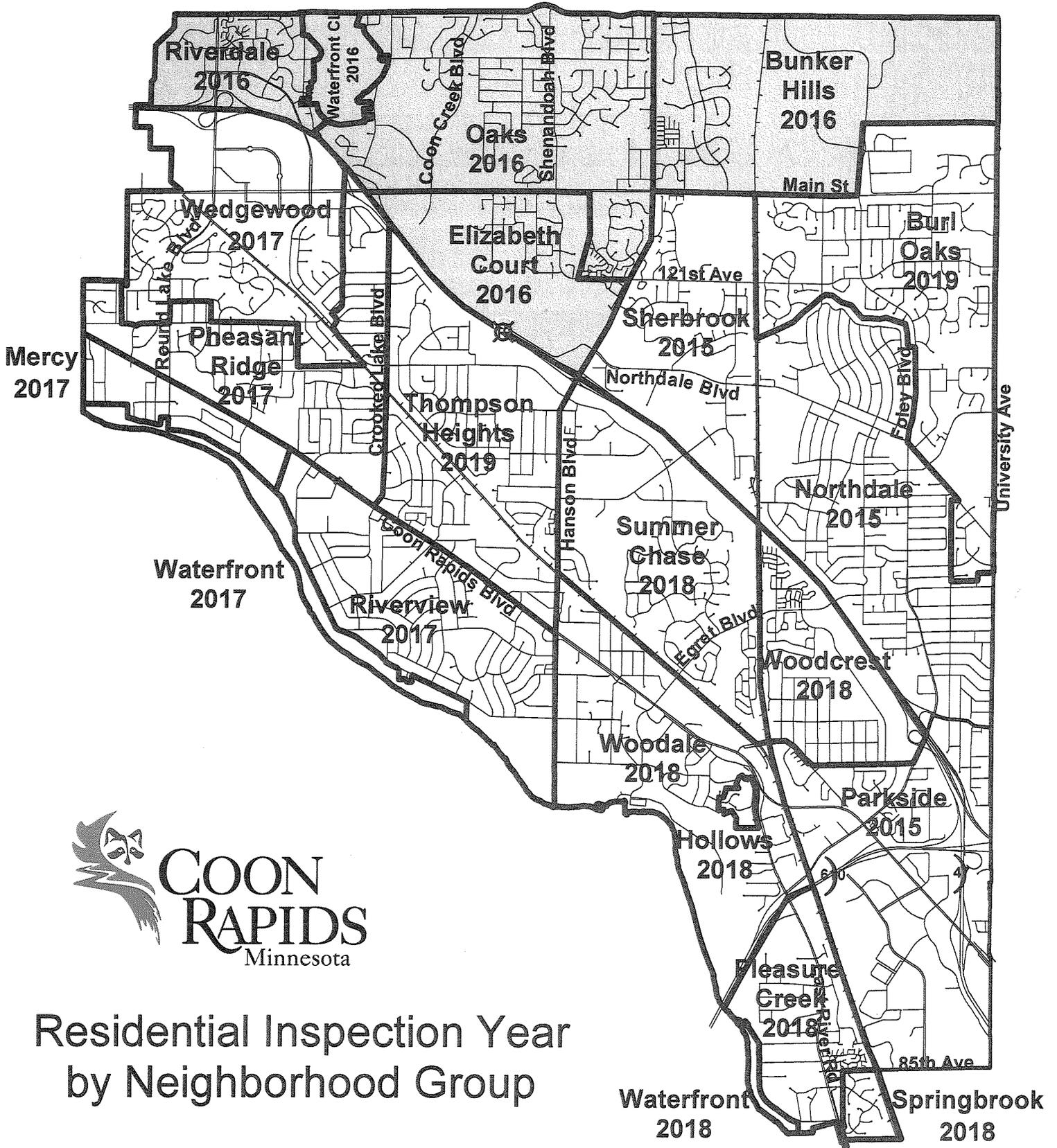


## TAX TRENDS 2007-2016



## EFFECTIVE TAX RATE 2007-2016





**SUMMARY**  
**TAX CAPACITY RATES AMONG THE VARIOUS TAXING DISTRICTS**  
**2007-2016**

YEAR	CITY RATE	CITY SHARE	COUNTY RATE	COUNTY SHARE	SCHOOL RATE	SCHOOL SHARE	OTHER RATES *	OTHER SHARE	TOTAL RATE
2007	30.526	35.33%	30.696	35.53%	19.353	22.40%	5.824	6.74%	86.399
2008	30.731	35.87%	31.078	36.28%	16.983	19.82%	6.879	8.03%	85.671
2009	32.706	36.89%	32.078	36.18%	18.263	20.60%	5.606	6.32%	88.653
2010	34.468	36.02%	35.189	36.78%	19.939	20.84%	6.089	6.36%	95.685
2011	38.951	35.45%	39.952	36.36%	23.999	21.84%	6.985	6.36%	109.887
2012	42.824	37.47%	41.146	36.00%	23.325	20.41%	6.990	6.12%	114.285
2013	48.835	38.36%	44.411	34.88%	26.801	21.05%	7.268	5.71%	127.315
2014	47.509	37.57%	43.239	34.20%	28.265	22.35%	7.425	5.87%	126.438
2015	44.754	39.88%	38.123	33.97%	22.482	20.03%	6.863	6.12%	112.222
2016	44.908	39.93%	38.894	34.58%	20.885	18.57%	7.775	6.91%	112.462

\* Other districts include: Met Council, Metro Transit, Mosquito Control, Coon Creek Watershed, Coon Rapids HRA and Railorad Authority.



**COMMERCIAL PROPERTY TAX CALCULATION PAY 2016  
(CONTIGUOUS)**

A.	Market Value	2,000,000	
	Class Rate:		
B.	Market Value @ 2.0%	40,000	
D.	Tax Capacity	<u>40,000</u>	
E.	F.D. Ratio	0.350833	
F.	FD Tax Capacity	14,033	(D x E)
G.	Local Tax Capacity	25,967	(D - F)
H.	Local Tax Rate	112.462%	
I.	F.D. Tax Rate	150.262%	
J.	F.D. Tax	\$ 21,086.75	(F x I)
K.	Local Tax	<u>\$ 29,202.65</u>	(G x H)
L.	Total Tax Capacity Based Tax	\$ 50,289.39	(J + K)
M.	Statewide Business tax	19,456	D x 48.64%
N.	M.V. Referendum Rate	0.22047%	
O.	M.V. Tax	<u>\$ 4,409.40</u>	(A x N)
P.	Total Tax	\$ 74,155.19	(L + M+O)

**COMMERCIAL PROPERTY TAX CALCULATION PAY 2016  
(NON-CONTIGUOUS)**

A.	Market Value	2,000,000	
	Class Rate:		
B.	1st \$150,000 MV @ 1.50%	2,250	
C.	Balance @ 2.0%	37,000	
D.	Tax Capacity	<u>39,250</u>	(B+C)
E.	F.D. Ratio	0.350833	
F.	FD Tax Capacity	13,770	(D x E)
G.	Local Tax Capacity	25,480	(D - F)
H.	Local Tax Rate	112.462%	
I.	F.D. Tax Rate	150.262%	
J.	F.D. Tax	\$ 20,691.37	(F x I)
K.	Local Tax	<u>\$ 28,655.10</u>	(G x H)
L.	Total Tax Capacity Based Tax	\$ 49,346.47	(J + K)
M.	Statewide Business tax	19,092	D x 48.64%
N.	M.V. Referendum Rate	0.22047%	
O.	M.V. Tax	<u>\$ 4,409.40</u>	(A x N)
P.	Total Tax	\$ 72,847.46	(L + M+O)

**APARTMENT PROPERTY TAX CALCULATION  
PAY 2016**

A.	Market Value	8,400,000	
	Class Rate:		
B.	Market value @ 1.25%	105,000	
C.	Local Tax Rate	112.462%	
D.	Local Tax	\$ 118,085.10	(B x C)
E.	M.V. Referendum Rate	0.22047%	
F.	M.V. Tax	<u>\$ 18,519.48</u>	(A x E)
G.	Total Tax	\$ 136,604.58	(D + G)

**2016 REAL ESTATE TAX INFORMATION &  
HOW IT AFFECTS THE BENCHMARK PROPERTIES**

The 2016 real estate tax statements were mailed mid March. The following information shows the effect new tax rates have on selected properties within the City. A brief review of the tax procedure is also provided.

The real estate tax is an **ad valorem tax**; that is, a **tax based on the value of the property**.

The **calculation of the tax** requires two variables, a **tax capacity value** and the **tax capacity rate** applicable to each individual property.

**Tax Capacity Value** - Tax capacity value is determined by multiplying the class rate (a percentage) by the estimated taxable market value of a property. The class rate is set by state law. Determination of tax capacity values have changed over the years (generally going down).

The tax capacity value for residential homestead property is determined as follows:

<u>Residential Homestead</u>	<u>Taxable Market Value</u>	<u>Class Rate</u>
(1a classification)	First \$500,000	@ 1.0%
	Over \$500,000	@ 1.25%
Rental Non-homestead residential property 1 Unit (4bb classification)	First \$500,000	@ 1.0%
	Over \$500,000	@ 1.25%
2 to 3 Units (4b1 classification)	All	@ 1.25%
4 or more Units (4a classification)	All	@ 1.5%

**Tax Capacity Rates** - The tax capacity rate is determined by taking the total dollars requested by a taxing district and dividing that dollar amount by the total tax capacity value within that district. The City of Coon Rapids has several taxing districts within its boundaries that can collect taxes from the property owners. The total tax capacity rate for 2015 and 2016, for most properties in Coon Rapids was 112.222 and 112.462 respectively, or an increase of .21%.

**Homestead Market Value Exclusion** – The exclusion is calculated using the value of the homestead but the tax benefit depends on a variety of factors other than homestead value. Because the exclusion is a reduction in the value subject to tax, it also affects tax rates and taxes of all properties. The calculation of the exclusion is: 40% of the first \$76,000, less 9% of the value over \$76,000. The maximum is reached at \$76,000 of market value (\$30,400) and reduces to \$0 at about \$414,000 of market value.

Following is a summary of the 2015 and 2016 tax capacity rates for those districts making up the typical tax rate within the City of Coon Rapids.

<u>JURISDICTION</u>	<u>2015</u> <u>RATE</u>	<u>2016</u> <u>RATE</u>	<u>CHANGE</u>	<u>%</u> <u>CHANGE</u>
School District 11	22.482	20.885	(1.597)	-7.10%
County of Anoka	38.123	38.894	0.771	2.02%
City of Coon Rapids	44.754	44.908	0.154	0.34%
Metro Council/Transit/Mosquito Control	2.847	2.981	0.134	4.71%
Coon Creek Watershed	1.425	2.135	0.710	49.82%
Coon Rapid HRA	1.330	1.304	(0.026)	-1.95%
County Reg Rail	0.941	0.851	(0.090)	-9.56%
County/City Public Safety	0.320	0.504	0.184	57.50%
<b>TOTAL</b>	112.222	112.462	0.240	0.21%

The tax capacity rate of 112.462 is the rate that includes the Coon Creek Watershed District and is the most commonly used rate within the City. There are several other rates that are used within the City because of other watershed areas. Following are the various watershed areas and the total tax capacity rate for those areas.

	<u>WATERSHED AREA</u>	<u>TOTAL TAX RATE</u>	
		<u>2015</u>	<u>2016</u>
16011D	Coon Creek Watershed	112.222	112.462
16011F	Coon Creek Watershed	112.222	112.462
16011H	Coon Creek Watershed	112.222	112.462
16011M	Coon Creek Watershed	112.222	112.462
17011A	Coon Creek Watershed	112.222	112.462
18011H	Coon Creek Watershed	112.222	112.462
72011A	Coon Creek Watershed Ditch 39	112.222	112.462
73011A	Coon Creek Watershed Ditch 57	112.222	112.462
74011A	Coon Creek Watershed Ditch 60	112.222	112.462

## 2016 TAXES ON BENCHMARK RESIDENTIAL PROPERTIES

Each year City staff uses 28 sample homes to monitor what is happening in the real estate market and to the real estate tax. Of the 28 samples, six of the homes are used as benchmark homes to show value and tax changes. The six benchmark homes are lower, middle, two upper middle, higher and estate valued. The following shows how the 2016 tax capacity rates affect the 2016 taxes in comparison to the 2015 taxes.

### 2015 and 2016 Tax Comparisons – All Units of Government

<u>Lower Valued Home</u>	<u>2015</u>	<u>2016</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
Estimated Market Value	97,300.00	98,600.00	1,300.00	1.34
Market Exclusion	28,483.00	28,366.00		
Taxable Market Value	68,817.00	70,234.00		
Tax Capacity	688	702	14.00	2.03
City Tax	307.91	315.25	7.35	2.39
County Tax	262.29	273.04	10.75	4.10
School Tax	361.59	364.00	2.40	0.66
All Other	47.22	54.58	7.36	15.59
Total Tax	979.01	1,006.86	27.85	2.84
% of Tax to Market Value	1.01%	1.02%		
<u>Middle Valued Home</u>	<u>2015</u>	<u>2016</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
Estimated Market Value	150,100.00	144,000.00	-6,100.00	-4.06
Market Exclusion	23,731.00	24,280.00		
Taxable Market Value	126,369.00	119,720.00		
Tax Capacity	1,264	1,197	-67.00	-5.30
City Tax	565.69	537.55	-28.14	-4.97
County Tax	481.87	465.56	-16.31	-3.39
School Tax	603.38	567.47	-35.90	-5.95
All Other	86.75	93.07	6.32	7.28
Total Tax	1,737.69	1,663.65	-74.04	-4.26
% of Tax to Market Value	1.16%	1.16%		
<u>Upper Middle Valued Home -1</u>	<u>2015</u>	<u>2016</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
Estimated Market Value	187,700.00	191,300.00	3,600.00	1.92
Market Exclusion	20,347.00	20,023.00		
Taxable Market Value	167,353.00	171,277.00		
Tax Capacity	1,674	1,713	39.00	2.33
City Tax	749.18	769.27	20.09	2.68
County Tax	638.18	666.25	28.08	4.40
School Tax	775.51	779.52	4.01	0.52
All Other	114.89	133.19	18.30	15.93
Total Tax	2,277.76	2,348.23	70.47	3.09
% of Tax to Market Value	1.21%	1.23%		

<b><u>Upper Middle Valued Home -2</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>\$ CHANGE</u></b>	<b><u>% CHANGE</u></b>
Estimated Market Value	205,000.00	204,500.00	-500.00	-0.24
Market Exclusion	18,790.00	18,835.00		
Taxable Market Value	186,210.00	185,665.00		
Tax Capacity	1,862	1,857	-5.00	-0.27
City Tax	833.32	833.94	0.62	0.07
County Tax	709.85	722.26	12.41	1.75
School Tax	854.57	838.70	-15.87	-1.86
All Other	127.79	144.38	16.59	12.98
Total Tax	2,525.52	2,539.28	13.76	0.54
% of Tax to Market Value	1.23%	1.24%		

<b><u>Higher Valued Home</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>\$ CHANGE</u></b>	<b><u>% CHANGE</u></b>
Estimated Market Value	273,100.00	277,600.00	4,500.00	1.65
Market Exclusion	12,661.00	12,256.00		
Taxable Market Value	260,439.00	265,344.00		
Tax Capacity	2,604	2,653	49.00	1.88
City Tax	1,165.39	1,191.41	26.02	2.23
County Tax	992.72	1,031.86	39.13	3.94
School Tax	1,166.21	1,166.10	-0.10	-0.01
All Other	178.71	206.27	27.56	15.42
Total Tax	3,503.03	3,595.64	92.62	2.64
% of Tax to Market Value	1.28%	1.30%		

<b><u>Estate Valued Home</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>\$ CHANGE</u></b>	<b><u>% CHANGE</u></b>
Estimated Market Value	567,500.00	595,500.00	28,000.00	4.93
Market Exclusion	0.00	0.00		
Taxable Market Value	567,500.00	595,500.00		
Tax Capacity	5,844	6,194	350.00	5.99
City Tax	2,615.42	2,781.60	166.18	6.35
County Tax	2,227.91	2,409.09	181.19	8.13
School Tax	2,520.69	2,606.52	85.82	3.40
All Other	401.07	481.58	80.51	20.07
Total Tax	7,765.10	8,278.80	513.70	6.62
% of Tax to Market Value	1.37%	1.39%		

**WASTE MANAGEMENT CHARGE**

Included on the 2016 tax statement for all improved properties is a dollar amount for the solid waste management charge. This charge is in addition to the tax. The solid waste management charge will fund the County-wide Integrated Waste Management System. This system is designed to protect the environment through extensive recycling efforts, waste reduction, household hazardous waste collections, tree waste processing, yard waste composting and waste-to-energy conversion. The charges will be as follows:

<b>SOLID WASTE MANAGEMENT CHARGES</b>		
BY: JODIE RAYMOND, REPORTER		
At the November 22, 2011 Anoka County Board meeting, Resolution #2011-134 was approved. This resolution revises the Anoka County Solid Waste Management Charges to reflect the current costs to meet the program budget needs. The following chart reflects the charges that are effective January 1, 2012 for taxes payable in 2012 and forward:		
<b>Solid Waste Management Group</b>		
<b>Property Classification</b>	<b>2011 Fee</b>	<b>Effective January 1, 2012</b>
<b>Residential Fee</b>		
Single Family	\$36.09	\$24.02
Mobile Home Pads	\$28.87	\$19.22
Apartments	\$23.46	\$15.61
<b>Non-Residential Fee</b>		
Micro-Generator	\$41.95	\$27.92
Category I – Improved value of \$25,000 - \$200,000	\$79.97	\$53.23
Category II – Improved value of \$200,001 - \$500,000	\$259.72	\$172.86
Category III – Improved value of \$500,001 - \$1,000,000	\$584.21	\$388.83
Category IV – Improved value of \$1,000,001 and more	\$2,047.71	\$1,362.90

This charge is also levied to improved tax exempt properties (building value only). Improved properties that do not generate waste or generate waste on a reduced scale can appeal their charge to the County Waste Management Services.

**COMPARISON OF TOTAL TAX BILL ON BENCHMARK HOMES  
OVER A TEN YEAR PERIOD**

Following is a comparison of the six benchmark properties comparing the 2007 information to 2016.

<b><u>Lower Valued Home</u></b>	<b><u>2007</u></b>	<b><u>2016</u></b>	-	<b><u>% CHANGE</u></b>
Estimated market value	153,300	98,600		-35.68
Net tax	1,276.53	1,006.86		-21.13
% of tax to market value	0.83	1.02		
 <b><u>Middle Valued Home</u></b>	 <b><u>2007</u></b>	 <b><u>2016</u></b>	 -	 <b><u>% CHANGE</u></b>
Estimated market value	186,800	144,000		-22.91
Net tax	1,667.47	1,663.65		-0.23
% of tax to market value	0.89	1.16		
 <b><u>Upper Middle Valued Home - 1</u></b>	 <b><u>2007</u></b>	 <b><u>2016</u></b>	 -	 <b><u>% CHANGE</u></b>
Estimated market value	233,300	191,300		-18.00
Net tax	2,161.05	2,348.23		8.66
% of tax to market value	0.93	1.23		
 <b><u>Upper Middle Valued Home - 2</u></b>	 <b><u>2007</u></b>	 <b><u>2016</u></b>	 -	 <b><u>% CHANGE</u></b>
Estimated market value	250,600	204,500		-18.40
Net tax	2,364.18	2,539.28		7.41
% of tax to market value	0.94	1.24		
 <b><u>Higher Valued Home</u></b>	 <b><u>2007</u></b>	 <b><u>2016</u></b>	 -	 <b><u>% CHANGE</u></b>
Estimated market value	342,800	277,600		-19.02
Net tax	3,371.01	3,595.64		6.66
% of tax to market value	0.98	1.30		
 <b><u>Estate Valued Home</u></b>	 <b><u>2007</u></b>	 <b><u>2016</u></b>	 -	 <b><u>% CHANGE</u></b>
Estimated market value	636,400	595,500		-6.43
Net tax	6,630.58	8,278.80		24.86
% of tax to market value	1.04	1.39		

**COMPARISON OF TOTAL TAX BILL ON BENCHMARK HOMES**  
**OVER A TEN YEAR PERIOD** (Continued)

Over ten years, the taxes have varied from year to year on the six homes. The following shows the years with the lowest and highest taxes.

<u>Property</u>	<u>Lowest taxes</u>	<u>Year</u>	<u>Highest taxes</u>	<u>Year</u>
Lower valued	807.26	2014	1,476.48	2008
Middle valued	1,583.36	2014	1,834.93	2009
Upper middle - 1	2,129.83	2014	2,499.76	2010
Upper middle - 2	2,364.18	2007	2,719.28	2010
Higher valued	3,371.01	2007	3,841.86	2010
Estate valued	6,630.58	2007	8,399.92	2013

Over the same ten year span, the percent of total tax to the estimated market value has changed from year to year. The following shows the lowest and highest percentage of tax to market value and the corresponding year in which that occurred.

<u>Property</u>	<u>Lowest rates</u>	<u>Year</u>	<u>Highest rates</u>	<u>Year</u>
Lower valued	0.85	2007	1.13	2012
Middle valued	0.89	2007	1.29	2013
Upper middle - 1	0.93	2007	1.37	2013
Upper middle - 2	0.94	2007	1.40	2013
Higher valued	0.98	2007	1.46	2013
Estate valued	1.04	2007	1.57	2013

ESTIMATED MARKET VALUE  
ON SELECTED RESIDENTIAL PROPERTIES  
2015 TO 2016 ASSESSMENT YEAR

DIST	ADDITION	PIN	2015 EMV	2016 EMV	PERCENT CHANGE IN EMV
17011A	Golf View Estates	01-31-0016	202,300	205,300	1.48%
17011A	Golf View Estates	01-31-0017	263,200	269,600	2.43%
17011A	Oaks of Shen	03-42-0026	282,800	290,100	2.58%
<b>17011A</b>	<b>Thom Hgts 5th</b>	<b>09-43-0028</b>	<b>144,000</b>	<b>148,900</b>	<b>3.40%</b>
17011A	Golf Terr 3rd	12-31-0069	186,800	190,400	1.93%
<b>17011A</b>	<b>Creek Villas N 2nd</b>	<b>12-32-0017</b>	<b>204,500</b>	<b>206,400</b>	<b>0.93%</b>
17011A	Creek Villas N 2nd	12-32-0025	248,400	250,600	0.89%
17011A	Northdale 3rd	12-33-0142	142,400	142,400	0.00%
<b>17011A</b>	<b>Sand Creek Hts</b>	<b>12-43-0033</b>	<b>277,600</b>	<b>283,800</b>	<b>2.23%</b>
17011A	Sand Creek Hts	12-43-0037	206,000	209,900	1.89%
17011A	Sand Creek Hts	12-43-0038	209,000	211,000	0.96%
17011A	Gorham's Oak Ridge	13-44-0087	230,900	233,100	0.95%
17011A	Northdale 4th	14-14-0028	147,100	152,800	3.87%
16011D	O.T.R.T. 6TH	21-11-0053	165,600	170,300	2.84%
16011D	O.T.R.T. 3RD	21-12-0057	144,600	148,200	2.49%
<b>16011D</b>	<b>Miss. Shores</b>	<b>21-22-0006</b>	<b>595,500</b>	<b>607,400</b>	<b>2.00%</b>
16011D	O.T.R.T. 8TH	21-22-0052	157,800	161,000	2.03%
16011D	Dalyce 4th	22-44-0029	185,000	183,900	-0.59%
<b>16011D</b>	<b>Dalyce 4th</b>	<b>22-44-0032</b>	<b>191,300</b>	<b>189,900</b>	<b>-0.73%</b>
17011A	Creekwood Estates	23-22-0011	173,400	174,600	0.69%
17011A	Creekwood Estates	23-22-0025	174,400	175,700	0.75%
17011A	Creekwood Estates	23-22-0027	160,000	161,100	0.69%
17011A	Park Place	23-41-0015	155,900	176,000	12.89%
17011A	Wood Crest Plat 2	23-44-0083	203,800	227,800	11.78%
17011A	Carlson's An Oaks	24-24-0032	97,200	104,400	7.41%
17011A	Woodcrest	25-22-0008	98,900	114,900	16.18%
<b>17011A</b>	<b>Woodcrest</b>	<b>25-22-0014</b>	<b>98,600</b>	<b>114,700</b>	<b>16.33%</b>
TOTALS			5,347,000	5,504,200	
AGGREGATE					2.9%

This random sampling of PIN's show an increase of approximately 2.9% for single family homes.

Benchmark properties in bold.

### **III. AUTHORITY**

## AUTHORITY OF THE LOCAL BOARD OF APPEAL AND EQUALIZATION

- Property assessments are done as a way to measure the **relative share** of each taxpayer's cost of local government. It is the Assessor's duty to value all real and personal property (except tax exempt property and others that have special methods of taxation). To fairly share the cost of local government among property owners, it is important that all taxable properties be included in the tax roll as accurately as possible.
- **The Board of Appeal and Equalization of any city, unless a longer period is approved by the Commissioner of Revenue, must complete its work and adjourn within twenty days from the time of convening specified in the notice of the clerk. No action taken subsequent to such date shall be valid.**
- The local Board has authority over the individual assessments of real and personal property. It does not have the power to increase or decrease by percentage all of the assessments in the district of a given class of property. **Changes in aggregate assessments** by classes are made by the County Board of Equalization.
- Although the Local Board of Appeal and Equalization has the authority to increase or reduce individual assessments, the total of such adjustments must not reduce the aggregate assessment by more than one percent. If total adjustments lower the aggregate assessment by more than one percent, none of the adjustments will be allowed. This limitation does not apply, however, to the correction of clerical errors or to the removal of duplicate assessments.
- *The Local Board of Appeal and Equalization does not have the authority in any year to reopen former assessments on which taxes are due and payable. The Board considers only the assessments that are in process in the current year. Prior year adjustments can be made only by abatement process or by legal action.*
- In reviewing individual assessments, the Board may find instances of **undervaluation**. Before the Board can raise the market value identified undervalued property, it must notify the owner whose property is to be increased in value. The Local Board of Appeal and Equalization meetings assure a property owner an opportunity to contest any other matter relating to the taxability of their property. The Board is required to review the matter and make any corrections that it deems just.
- **A property owner cannot appear before a higher board unless he or she has first appeared at the lower board levels.**
- Pursuant to Minnesota Statute 274.01; the Board may not reduce an individual market value or make a classification change that would benefit the property if the assessor was not permitted to inspect the interior of any buildings or structures.
- A non-resident may file written objections to his/her assessment with the county assessor prior to the meeting of the Board of Appeal and Equalization. Such **objections must be presented to the Board** for consideration while it is in session.

**Authority of the Local Board Of Appeal and Equalization – (continued)**

- Before adjourning, the Board of Appeal and Equalization should cause the record of the official proceedings to be prepared. The law requires that the proceedings be listed on a separate form which is appended to the assessment book. The assessments of omitted property must be listed in detail and all assessments that have been increased or decreased should be shown as prescribed in the form. After the proceedings have been completed, **the record should be signed** and dated by the members of the Board of Appeal and Equalization. It is the duty of the county assessor to enter changes by Boards of Appeal and Equalization in the assessment book of each district.

## **IV. TERMINOLOGY**

## REAL ESTATE APPRAISAL TERMINOLOGY

AD VALOREM TAX A tax varying with the value of a good or commodity; a real estate tax based on the value of the property.

AMENITIES The pleasant satisfactions that are received through using rights in real property but not received in the form of money. The tangible and intangible benefits generated by a property.

APPRAISAL An estimate or opinion of value. The act or process of estimating value. The resulting opinion of value derived from the appraisal may be informal, transmitted orally; or it may be formal, presented in written form. Usually it is a written statement setting forth an opinion of the value of an adequately described property as of a specified date, supported by the presentation and analysis of relevant data.

ARM'S LENGTH TRANSACTION A real estate transaction in which a willing seller and a willing buyer are acting prudently, for self interest and are knowledgeable of all the uses to which the property is adapted and for which the property is capable of being used.

AVERAGE DEVIATION Total of deviations from the median divided by the number of properties.

CAPITALIZATION The process of converting income into value.

CAPITALIZATION RATE The sum of a Discount Rate, Capital Recapture Rate and Estimated Tax Rate. It is applied to any income stream with a finite term over which the invested principal is to be returned to the investor or lender.

CLASSIFICATION The class that a type of property is assigned. A property's classification is based upon the existing use of the property. If the land is vacant and there is no identifiable use, the proper classification would be the most probable use of the land, which would most likely be determined by the zoning classification.

CLASSIFICATION RATES The class rate assigned to a particular classification of property. Classification rates are established by the state legislature. Class rates are the same upon the same class of property throughout Minnesota.

COEFFICIENT OF DISPERSION Average deviation of a group of numbers from the median, expressed as a percentage of the median.

COEFFICIENT OF VARIATION Standard deviation expressed as a percentage of the mean.

COMPARABLES (COMPARABLE SALES) Recently sold properties that are similar in important respects to a property being appraised to assist in estimating the value of a specific property.

COST APPROACH That approach in appraisal analysis which is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land or when relatively unique or specialized improvements are located on the site and for which there exist no comparable properties on the market.

DEPRECIATION A loss of utility and, hence, value from any cause. An effect caused by deterioration and/or obsolescence. Deterioration or physical depreciation is evidenced by wear and tear, decay, dry rot, cracks, encrustational or structural defects. Obsolescence is divisible into two parts, functional and economic. Functional obsolescence may be due to poor floor plan, mechanical inadequacy or over adequacy, functional inadequacy or over adequacy due to size, style, age, etc. It is evidenced by conditions within the property. Economic obsolescence is caused by changes external to the property, such as neighborhood infiltrations of inharmonious groups or property uses, legislation, etc. It is also the actual decline in market value of the improvement to land from time of purchase to the time of resale.

CURABLE DEPRECIATION Those items of physical deterioration and functional obsolescence which are economically feasible to cure and hence are customarily repaired or replaced by a prudent property owner. The estimate of this depreciation is usually computed as a dollar amount of the cost-to-cure.

INCURABLE DEPRECIATION Elements of physical deterioration or functional obsolescence which either cannot be corrected; or, if possible to correct, cannot be corrected except at a cost in excess of their contribution to the value of the property.

PHYSICAL DEPRECIATION A reduction in utility resulting from an impairment of physical condition. For purposes of appraisal analysis, it is most common and convenient to divide physical deterioration into curable and incurable components.

PHYSICAL CURABLE DEPRECIATION Physical deterioration which the prudent buyer would anticipate correction upon purchase of the property. The cost of effecting the correction or cure would be no more than the anticipated addition to utility, and hence ultimately to value, associated with the cure.

PHYSICAL INCURABLE DEPRECIATION Physical deterioration which in terms of market conditions as of the date of the appraisal is not feasible or economically justified to correct. The cost of correcting the condition or effecting a cure is estimated to be greater than the anticipated increase in utility, and hence ultimately in value of the property that will result from correcting or curing the condition.

FUNCTIONAL DEPRECIATION Impairment of functional capacity or efficiency. Functional obsolescence reflects the loss in value brought about by such factors as overcapacity, inadequacy and changes in the art, that affect the property item itself or its relation with other items comprising a larger property. The inability of a structure to perform adequately the function for which it is currently employed.

FUNCTIONAL CURABLE DEPRECIATION Functional obsolescence which may be corrected or cured when the cost of replacing the outmoded or unacceptable component is at least offset by the anticipated increase in utility, and hence ultimately in value, resulting from the replacement.

FUNCTIONAL INCURABLE DEPRECIATION Functional obsolescence that results from structural deficiencies or superadequacies that the prudent purchaser or owner would not be justified in replacing, adding or removing, because the cost of effecting a cure would be greater than the anticipated increase in utility resulting from the replacement, addition or removal.

ECONOMIC OBSOLESCENCE Impairment of desirability or useful life arising from factors external to the property, such as economic forces of environmental changes which affect supply-demand relationships in the market. Loss in the use and value of a property arising from the factors of economic obsolescence is to be distinguished from loss in value from physical deterioration and functional obsolescence, both of which are inherent to the property. Also referred to as Locational or Environmental Obsolescence.

EASEMENT A right held by one person to use the land of another for a specific purpose such as access to other property.

EQUALIZATION The adjustment of estimated market valuation of real property in a particular area to establish a more equitable division of the total tax burden within the area.

ESTIMATED MARKET VALUE Represents the assessor's estimate of the property's actual market value. Market value is defined as the most probable price that a well informed buyer would pay a well informed seller for a property without either party being unduly forced to buy or sell. In other words, what the property would likely sell for if it were to be sold in an arm's length transaction. Although the sale price of a property often reflects the market value; market value and sale price are not always synonymous.

GRADING OF PROPERTY The process used by an appraiser to identify the quality of construction in the physical structure.

HIGHEST AND BEST USE That reasonable and probable use that will support the highest present value, as defined, as of the effective date of an appraisal.

HOMESTEAD For property tax purposes, homestead is a tax benefit granted to property owners (or qualifying relatives) who are Minnesota residents and who own and occupy their home as their primary place of residence. Homestead is a fact question which may require the assessor to utilize a number of indicators to determine if it is being appropriately claimed. Although factors such as mailing address and drivers license may sometimes be useful indicators to determine where a person lives, in the final analysis, the question comes down to, "*Is the residence occupied as the applicant's primary place of residence?*" In other words, do they actually live there? If the answer is no, no amount of supporting documentation such as voter registrations or mailing addresses can alter the fact.

IMPROVED LAND Land having either on-site improvements, off-site improvements or both.

IMPROVEMENT A structure or building permanently attached to the land.

INCOME APPROACH That procedure in appraisal analysis which converts anticipated benefits (dollar income or amenities) to be derived from the ownership of property into a value estimate. The income approach is widely applied in appraising income-producing properties. Anticipated future income and/or revisions are discounted to a present worth figure through the capitalization process.

INDEX OF REGRESSION Mean assessment ratio divided by the sales weighted-aggregate ratio.

LEGAL DESCRIPTION A statement containing a designation by which land is identified according to a system set up by law or approved by law.

MARKET APPROACH Traditionally, an appraisal procedure in which the market value estimate is predicated upon prices paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market (price wise), and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market. It is a process of analyzing sales of similar recently sold properties in order to derive an indication of the most probable sales price of the property being appraised. The reliability of this technique is dependent upon (a) the availability of comparable sales data, (b) the verification of the sales data, (c) the degree of comparability or extent of adjustment necessary for time differences; and (d) the absence of non-typical conditions affecting the sale price.

MARKET VALUE EXCLUSION An exclusion is a reduction in the amount of value subject to tax.

MASS APPRAISING A method used in revaluation of a community for tax purposes. As the term implies, it is a method of appraising a large number of properties at one time by adopting standard techniques, and giving due consideration to the appraisal process so that uniformity or equality of values may be achieved between all properties.

MEAN ASSESSMENT RATIO Total of ratios divided by number of properties.

MEDIAN ASSESSMENT RATIO Middle assessment ratio or the average of the two middle terms when the ratios are lined up from low to high.

METES AND BOUNDS A description of a parcel of land by reference to the courses (bearings, that is, the angles East or West of due North and due South) and distances (usually feet or chains) of each straight line which forms its boundary, with one of the corners tied to an established point; that is, the bearing and distance from an established point, such as a section corner or to the intersection of the center lines of two roads, etc.

If one part of the boundary is on a curve, this part is described by showing the number of degrees of the central angle subtended by the curve (arc), the length of the radius and the length along the curve.

MODE Assessment-ratio that appears most frequently.

NET TAX CAPACITY New for payable 1990. Is used to extend taxes in accordance to multiplying the market value by the appropriate class rate.

OBSOLESCENCE One of the causes of depreciation. It is the impairment of desirability and usefulness brought about by new inventions, current changes in design and improved processes for production, or from external influencing factors, which make a property less desirable and valuable for a continued use. Obsolescence may be either economic or functional.

PARCEL A piece of land, regardless of size in one ownership.

PROPERTY CLASS The class that has been assigned to the property based upon the use of the property.

PROPERTY IDENTIFICATION NUMBER A geographically related parcel numbering system. The number contains twelve digits made up of section, township, range, quarter-quarter and parcel. The first six digits, based on the public land survey, geographically locate the section in which the property is located. The next two digits will designate in which quarter-quarter the property is located. The ninth through twelfth digits indicate the parcel within the quarter-quarter. The parcels will be numbered consecutively beginning with 0001. When a division is made, the next consecutive available number(s) will be assigned, and the old number(s) will be retained for historical data.

RANGE Difference between the high sales ratio and the low sales ratio.

REVALUATION The mass appraisal of all property within an assessment jurisdiction to obtain equalization of estimated market values. Reappraisal of a former assessment.

SALES ASSESSMENT RATIO The ratio derived by dividing the estimated market value by the selling price.

AGGREGATE RATIO The ratio determined by dividing the total estimated market value of all sales by the total selling prices.

AVERAGE MEAN The total of all the ratios in a given set divided by the number of items in the set.

MEDIAN RATIO The value of the middle item where an odd number of items are arranged (arrayed) according to size, or the arithmetic average of the two central items if there is an even number of items. It is a positional average and is not affected by the size of extreme values.

SALES WEIGHTED AGGREGATE RATIO Total of assessment values divided by total of selling price.

SAMPLE SUFFICIENCY GAUGE Square root of half the range divided by the number of properties.

SPECIAL ASSESSMENT A charge made by government against real estate to defray the cost of making a public improvement adjacent to the property which, while of general community benefit, is of special benefit to the property so assessed.

STANDARD DEVIATION Square root of total of squared deviations from mean divided by number of properties.

TAX CAPACITY RATE (Local Tax Rate): Determined by dividing a taxing district's property tax levy by the taxing district's total net tax capacity. The tax capacity rate is expressed as a percentage of net tax capacity.

TOPOGRAPHY The contour of land surface, i.e., flat, rolling, mountainous, etc.

TRUTH IN TAXATION Provides taxpayers with a preliminary property tax notification if any taxing district proposes to increase taxes through proposed budget increases. Included on the notification is the market value, classification, a proposed tax by taxing district, and time and place of taxing district budget hearings.

UNIMPROVED LAND Land without buildings, in its natural state.

VACANT LAND Land without buildings. May or may not have improvements such as grading, sewer, etc.