



Request for Committee Action

Date: April 25, 2013

To: Honorable Kevin Reich, Chair
Taxes Committee

Subject: 2013 Minneapolis Board of Appeal and Equalization

Recommendation: Approve the Attached Board of Appeal and Equalization Report

Prepared By: Julie Johnson, Program Assistant, City Clerk's Office
Approved by: Casey Joe Carl, City Clerk

Background Information: Pursuant to Minnesota Statutes 274.01, subd. 2, the City Council appoints a Special Board of Review to serve as the City's Board of Appeal & Equalization. The Board's membership must include at least one appraiser, realtor, or other person familiar with property valuations. On March 7, 2013 the following members were appointed by the City Council to the 2013 Board of Appeal & Equalization; to-wit: Tad Marinac as certified appraiser; Jimmy Fogel as licensed realtors; and Jeffrey Larson as freeholders.

The Board was sworn and impaneled on Monday, April 8, 2013. Hearings were conducted on Monday, April 8, 2013, with the following results:

Table 1. 2013 General Statistics	
Number of appeals received by Clerk's Office	302
Number of properties cancelled prior to hearing date	46
Number of properties concurred prior to hearing date	171
Number of appeals presented to the Board	38
Number of appeals received after the deadline and read into the record for submission to Hennepin County Appeals Board	47

Table 2. 2013 Valuations by Special Board of Review	#	Pre-Hearing	Post-Hearing	Percent
Number of properties sustained at current value (including refused entries)	8	\$46,388,500	\$46,388,500	0%
Number of properties with reduced values	21	\$6,261,400	\$5,084,500	-18.8 %
Number of properties with increased values	9	\$689,000	\$745,200	+10.8%
Number of properties eligible to appear before the County's Appeals Board (including all late appeals, concurrences, and properties decided by the City's Board)	256	\$134,797,800	\$26,371,700	-6.3 %

Table 3. Comparative Analysis									
Year of BA&E Action	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total No. of Appeals	190	97	166	449	1335	511	550	615	302

Minneapolis Board of Appeal and Equalization Report of the Special Board of Review

The City Clerk submits the report of the Special Board of Review, pursuant to the provisions of an ordinance passed May 30, 1975, relating to assessments of market value of real estate, providing for the creation of a Special Board of Review (Minn. Stat. 274.01, subd. 2). The membership of the 2013 Special Board of Review was appointed by action of the City Council on March 7, 2013. Members were assembled on Monday, April 8, 2013, for the purpose of arbitrating disputes between property owners and the City concerning property classification or market value assessments. The Special Board of Review, serving as the City's Board of Appeals & Equalization, has the authority to decrease, sustain, or increase the market value of a property. After being sworn and impaneled by the City Clerk, the Board entered upon the discharge of its duties, conducting hearings on property appeals on Monday, April 8, 2013. Having concluded its work, the Board adjourned *sine die* at 3:02 p.m.

The Board equalized the values of the assessment rolls of real and personal property within the City of Minneapolis, County of Hennepin, State of Minnesota. The Board now recommends approval of the Assessor's rolls containing the assessment of real estate and personal property in the districts of the City of Minneapolis, as so revised, amended, equalized, and granted by the Special Board of Review (Board of Appeals & Equalization).

The Board hereby further recommends to the City Clerk that copies of the adjustments and corrections made to such assessment rolls, as set forth in the proceedings of the Minneapolis Board of Appeal & Equalization, dated April 8, 2013, be transmitted to the City Council for its review and approval or correction. If approved, the Board recommends such assessment rolls be transmitted to the City Assessor, the Hennepin County Board of Appeal and Equalization, and the State Tax Commissioner with the request that they take such action within their powers as authorized by law to give full effect to the correction and adjustments recommended and made by the Minneapolis Board of Appeal & Equalization.

Background Information:

The Annual Board of Appeal & Equalization process starts with The Notice of Valuation and Classification mailed to the owner of record in the order below:

- January 8th - single family, duplex, triplex and condominium homesteads
- January 22nd - single family, duplex, triplex and condominium non-homesteads
- February 18th – apartment, commercial and industrial properties

Within this letter are instructions how to appeal, and an appeal deadline of March 8th. The property owner's first step is to contact their Assessor. If there is a recent interior review and information on file, discussion of the estimated market value is based on this data.

If there is not a recent interior review, the Assessor must inspect the property to determine a new assessed value. Failure to allow an interior review by the assessor restricts the Board's authority to change an assessed value. This is in accordance to Minnesota Statutes, Section 274.01, subdivision 1, paragraph b, which states "The local board may not make an individual market value adjustment or classification change that would benefit the property in cases where the owner or other person having control over the property will not permit the assessor to inspect the property and the interior of any buildings or structures."

After an interior review, the Assessor may see a need to adjust the estimated market value and it is at this time the property owner and Assessor may come to a *concurrence on the estimated market value.

The Board of Appeal and Equalization published February 16, 2013 as the last day to file an application and speak before the board. This year like prior years, the board accepted taxpayers' applications up through the close of the board meeting on April 8 2013. This is permitted in the rules and guidelines governed by the Department of Revenue and allow late applicants the opportunity to appeal their property value to the Hennepin County Board of Appeal and Equalization in June 2013.

All applicants (except cancelled) have the opportunity to move onto the County board if they are unsatisfied with either a concurrence or the Local Board's decision.

302 Applications were received prior to the adjournment of the board on Monday, April 8th, at 3:04 p.m. Of the 302 properties, 37 of the appeals were from applicants with multiple parcels. (Multiple parcels meaning 5 or more). Approximately one fifth of the applications were received within the last few days of the March 8th filing deadline.

Definitions:

The Notice of Valuation and Classification: This annual notice is mailed to property owners during the first quarter of each year. The notice provides a reasonably accurate estimate of real estate value that will be used in the calculation of the following year's property taxes. The notice does not include any anticipated or approved special assessment payments for services such as street improvements. The Valuation Notice also provides the owner with the prior years assessment information used to determine the amount of property taxes the owner is paying in the current year.

Cancelled: The property owner voluntarily rescinded their decision to appeal the estimated market value.

**Concurred:* The property owner and the Assessor came to an agreement on the estimated market value prior to the board hearing. This decision is recorded as a board action under the term concurrence.

Estimated Market Value: The statutory definition of market value is "the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be

obtained at a private sale or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arm's length transaction. The price obtained at a forced sale shall not be considered." (M.S. 272.03, Subd. 8)
In other words, the market value the county or local assessor estimates, based on sales and market value income approach trends, what a property would sell for in an open market transaction*.

Read into Minutes: Applicants that missed the March 8 deadline but applied prior to the close of the LBAE meeting are received by the Local Board and recorded in to the minutes. These applicants are eligible to appear before the County Board if they do not come to a concurrence with the City Assessor prior to the County Board of Appeal and Equalization meeting.

*Source: MN Department of Revenue.

M:\CityCommon\Equalization Board\2013 City-CountyBoardFiles\Reports