

City Assessor

Mission Statement

The Department of Assessor serves the citizens of the City of Minneapolis by cost-efficiently administering the classification and valuation of real estate property in an accurate and equitable manner as prescribed by law, while performing related duties as directed by governing authorities – contributing to proper property taxation supporting government planning and funding.

Primary Businesses:

Perform the assessment function for all real estate and appropriate personal property

Key Trends and Challenges Impacting the Department:

1. Defense of Property Values: The number of appeals filed in Minnesota Tax Court has increased 39.0% since last year to 424 petitions covering 818 parcels with a total market value of \$3.012 billion. The CBD vacancy problems remain resulting in aggressive appeals and a reduction of commercial tax base. The 2003 Towle Report shows a vacancy rate of 17.4% in the CBD and 24.9% for Minneapolis outside the CBD.
2. Taxpayer Service: Providing good service to taxpayers is a continual goal of the department. It will become increasingly critical as the city's tax burden shifts to residential property. In 1997, residential property paid 33% of the city's tax burden while commercial/industrial property paid 56%. With the phase out of limited market value and class rate changes made by the State Legislature, this amount will be nearly reversed for taxes payable in 2007 (55% of the tax burden paid by residential and 35% by commercial/industrial). It is incumbent upon the department to be proactive in taxpayer education and promotion of State programs such as the Income Adjusted Homestead Credit or Targeting that they benefit Minneapolis residential taxpayers. The Department is in the process of upgrading its information on the City's web-site to assist in those efforts.
3. Identify additional revenue alternatives for the City of Minneapolis. The Assessor's data base and experience with property taxes could be a useful resource in helping Elected Officials, Finance, IGR or other interested parties in exploring alternatives to address budget problems. Concepts that could be qualified and presented to elected officials may include:
 - a. use of special assessments for expenses that are currently paid for from the general fund;
 - b. Expansion of a voluntary payment in lieu of taxes (PILOT) program;
 - c. Develop legislation to for properties that are not constitutionally tax exempt (such as non-profit) to compel a payment in lieu of taxes;
 - d. Expansion of special service districts.

Key Initiatives or Other Models for Providing Service to be implemented:

1. The process to address Tax Court cases will be mapped and streamlined to ensure maintenance of the tax base under the growing volume amid staffing cutbacks. Use of technology and a more proactive approach towards the initial trial settings should assist in accomplishing this goal.
2. Expand the use of the city's web site for property tax information and work with Communications to promote programs such as the income adjusted homestead credit, etc. Hold additional neighborhood tax information meetings.
3. Partner with other city departments to develop policy and implementation options for alternative revenue sources.

Key Departmental Outcome Measures:

Outcome Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
Total Tax Base for City of Minneapolis	\$19.087B	\$22.867B	\$25.525B	\$27.931	\$29.636
Change in Tax base	14.3%	19.8%	11.6%	9.4%	6.1%

Explanation of Performance Data for Departmental Outcome Measures:

Changes in the tax base are from the annual assessment roll. Activities that support creation of the assessment roll are identified and measured in Service Activities.

Primary Business:

Perform the assessment function for all real estate and appropriate personal property

Service Activity:

Estimate the value of all taxable property and maintain property descriptions

Description:

This activity is the annual valuation of all taxable property per state law and in compliance with good assessment practices.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
Average assessment to sale ratio -- Goal 94%	89.0%	100.8%	98.8%	94%	94%
Informal and formal appeals as a % of taxable parcels -- Goal 2.5%	2.2%	2.5%	2.7%	2.7%	2.7%
% parcels inspected each year -- Goal 25%	25%	25%	25%	25%	25%

Explanation of key performance measures:

Ratio studies are from MN Department of Revenue study for State Board of Equalization for residential property.

Service Activity:

Classification and processing of parcels and owners qualifying for homestead status, exempt status or special classifications

Description:

The classification function is generally a routine review but some taxable/exempt issues become very complex. The other performance measures are support functions within the department.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
% of state and county deadlines in the assessment calendar met -- Goal 100%	100%	100%	100%	100%	100%
Assessment roll change orders submitted to Hennepin County as a % of taxable parcels -- Goal 2.5 %	2.0%	3.0%	2.7%	2.5%	2.5%

% of property transfers recorded into the appropriate database within 5 days of receipt	<40%	<40%	50%	60%	60%
Accuracy level -- Goal 97%	97%	97%	97%	97%	97%

Explanation of key performance measures:

The implementation of a new software system resulted in an increase in changes to the assessment roll. The data presented are estimates. The department has had staffing shortages during most of 2000, 2001 and first half of 2002.

Service Activity:

Respond to all formal owner/taxpayer valuation appeals and requests for property reviews

Description:

With the phase out of limited market value, the market value of residential property will become more critical and result in more residential taxpayer appeals. The commercial market for office space has abruptly changed with many aggressive challenges for CBD and other properties.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
Net total reduction because of formal appeals as a % of total market value appealed. Goal -- less than 5%	< 4.0%	<4.0%	,5.0%	<5.0%	<5.0%
% of appeals upheld by local, county appeal boards or Tax Court -- Goal 70%	>75%	>75%	>75%	>75%	>75%
% informal appeals resolved prior to those appeals advancing to a formal appeal -- Goal 70%	>75%	>75%	>75%	>75%	>75%
% of taxpayer requests for reviews responded to within 5 days of receipt	>.85%	>.85%	>.85%	>90%	>90%

Explanation of key performance measures:

Most data represents estimates.

Service Activity:

Support of City initiatives, Property Tax Programs, Minneapolis School District and other City Departments

Description:

The department is continually involved in citywide projects, especially property-related technology projects.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
Participation in enterprise projects	Chair of Technology Steering Committee; Nature of Change; Rewards and Recognition; Real Estate Advisory Board	Chair of Technology Steering Committee; Real Estate Advisory Board	Chair of Technology Steering Committee; Real Estate Advisory Board	Real Estate Advisory Board	FSAM; Technology Steering Committee

Explanation of key performance measures:

Tax base growth of 9.4 percent from 2002 to 2003 supports all programs and financial strength of the City. Maintaining the assessment function at the city versus county level provides both tangible and intangible benefits with the same cost to perform the services.

Financial Analysis:

EXPENDITURE

The Department's expenditures are increasing a total of 1.7% over the 2003 adopted amount. This represents an increase in personnel of 1.4% and a non-personnel increase of 3.4%. Fringe Benefits were the most significant increase for the Department.

REVENUE

No change is anticipated in the Department's direct revenue for 2004. The Department expects to receive \$130,000 in property tax revenue due to Payments in Lieu of Taxes (PILOT). These payments are from nonprofit nursing homes that do not pay a property tax bill but that do pay for a share of the services they receive (i.e. Police, Fire, etc.) In addition, the Department receives charges for service revenue which represents payments for processing of information requests.

FUND ALLOCATION

One hundred percent of the Department's budget is in the General Fund.

LOCAL GOVERNMENT AID CUT IN 2003

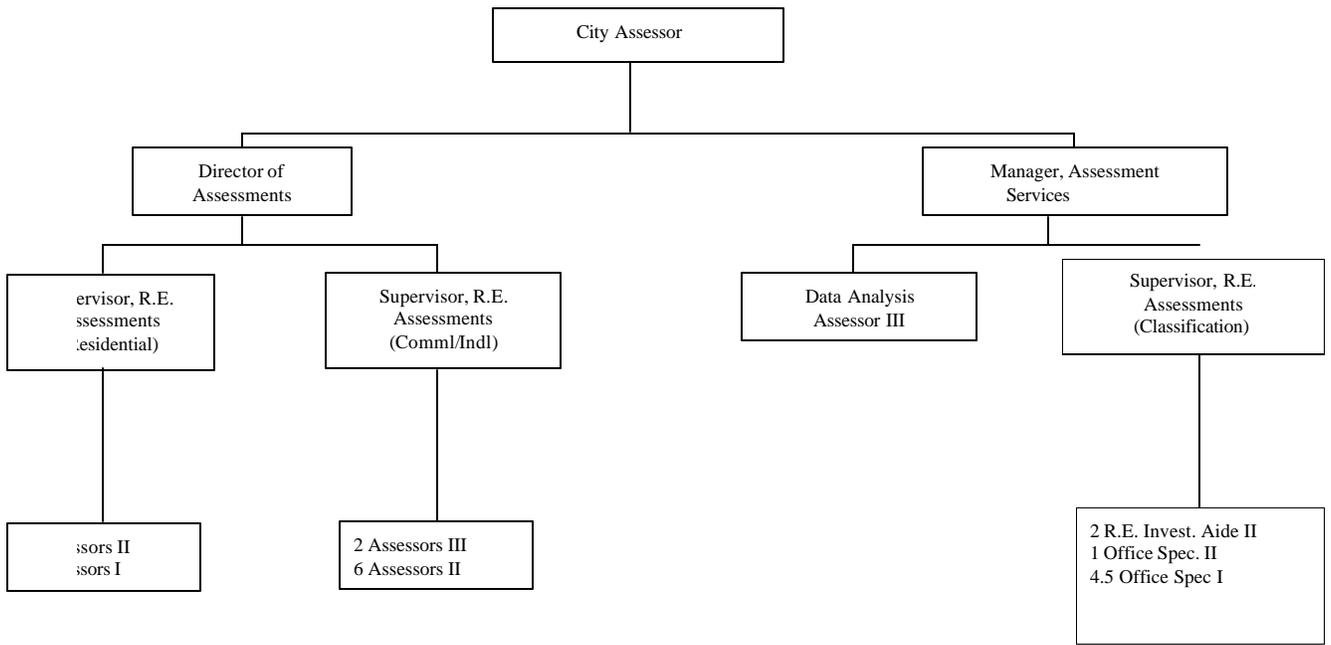
The Department eliminated 2 vacant positions as part of the City's response to the LGA cut in 2003.

ADOPTED BUDGET

The addition of one position for the Department to enhance its ability to value the City's tax base is included in the Adopted Budget, as recommended by the Mayor.

**ASSESSOR
Staffing Information**

	2001	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	% Change	Change
FTE's by Division						
Assessor	37.00	35.50	35.50	34.50	-2.82%	(1.00)
Total FTE's	37.00	35.50	35.50	34.50	-2.82%	(1.00)



**ASSESSOR
Expense Information**

	2001 Actual	2002 Actual	2003 Adopted Budget	2004 Adopted Budget	% Change	Change
General Fund - City						
Capital Outlay	2,424	25,455	510	517	1.4%	7
Contractual Services	213,478	308,712	203,598	211,979	4.1%	8,381
Equipment	433	0	1,020	1,033	1.3%	13
Fringe Benefits	357,617	398,490	497,289	515,544	3.7%	18,255
Operating Costs	149,534	151,671	149,348	152,937	2.4%	3,589
Salaries and Wages	1,755,832	1,741,847	1,878,459	1,894,604	0.9%	16,145
Total for General Fund - City	2,479,318	2,626,175	2,730,224	2,776,614	1.7%	46,390
Total for ASSESSOR	2,479,318	2,626,175	2,730,224	2,776,614	1.7%	46,390

ASSESSOR
Revenue Information

	2001 Actual	2002 Actual	2003 Adopted Budget	2004 Adopted Budget	% Change	Change
General Fund - City						
Charges for Sales	307	196	0	0	0.0%	0
Charges for Service	11,032	4,374	1,000	1,000	0.0%	0
Other Misc Revenues	0	395	0	0	0.0%	0
Property Taxes	129,624	131,722	130,000	130,000	0.0%	0
Total for General Fund - City	140,963	136,687	131,000	131,000	0.0%	0
Total for ASSESSOR	140,963	136,687	131,000	131,000	0.0%	0