

# Frequently Asked Questions

The answers below are intended to be simple and brief and may not fully address each question. Please contact the Aitkin County Assessor's Office for additional information.

## **What is an Estimated Market Value?**

The estimated market value is the price of a property as of a certain date in cash or equivalent terms in a competitive and open market under conditions required for a fair sale with both parties acting knowledgeably and in self-interest and each not under any unusual pressure to sell. This value may be more simply stated as the price paid in an arm's length transaction. This value represents the full bundle of rights that are commonly transferred in a warranty deed.

## **What is a Property Tax Classification?**

The property tax classification of the property usually refers to the use of the property as of the assessment date. The Aitkin County Assessor's Office is responsible for putting a property tax classification on all real estate in Aitkin County. These classifications are set by the State Legislature.

In the case of vacant property that does not have a clear use, the classification typically is the highest and best use of the property. This may mean that a vacant lot that has central business district zoning is commercial classification. Classification for property tax purposes can and may be different than a zoning classification.

## **Are foreclosure sales, bank sales, or short sales used to value property for property tax purposes?**

Generally, assessors cannot use these types of sales to value property. In most cases they are not considered to be arm's length, open market sales that are good indicators of the market. There may be exceptions to this, especially in markets where the majority of all sales are distressed sales. Also, Department of Revenue guidelines prevent assessors from using these sales.

## **Are sales listings used to value property for property tax purposes?**

Sales listings may be useful indicators of market activity but assessors cannot directly use listings to value property. When a sales study is done, only open market sales are considered as true indicators of market value.

### **What do appraisers look at when they inspect a house?**

Appraisers from an assessor's office will look at many things on an inspection since anything that affects value is important to note. They may ask to view the interior of the home. Homeowners are encouraged to allow appraisers to view the interior since assessors may make value assumptions on items they cannot see.

On a residential inspection, appraisers look at items including square footage of the exterior, exterior wall and roof condition and type, foundation type, window type and condition, interior wall and floor finish and type, number of bedrooms and bathrooms, basement finish, sidewall heights, presence of mold or water damage, floorplan of the house, heating/cooling system, and other items. The items that contribute to value can change over time. Valuation adjustments can be made based on certain items when sales have shown that those items affect value.

### **How can my value change every year?**

The market values can and often do change every year. Reassessments and physical inspections are conducted at least once every five years. The State of Minnesota requires that county assessors conduct a sales ratio study every year in every area of the county. These studies show if the market values are too high or too low. Assessors are then required to adjust values to comply with the findings of the study. If the county chooses to ignore the study's results, the county may be forced by the State to increase or decrease values after the appeal meetings. State increases or decreases may not be appealed by the property owner.

### **Why does my financing appraisal show a lower value than the Estimated Market Value?**

Appraisals prepared by a private fee appraiser are often limited to a specific end use such as mortgage financing or settlement of an estate. They are different in nature and subject to different rules than appraisals done by the County Assessor's Office. The Assessor's Office does not prepare narrative appraisals with specific comparable sales for every single property in the county.

The effective date of assessor's appraisals are January 2 of each year and the supporting sales information is taken from the sales study period during part of the two years prior to January 2. To clarify, the 2011 assessment Estimated Market Values have an effective date of January 2, 2011. The sales to support this Value are taken from October 2009 to September 2010.

If your financing appraisal has an effective date of June 2009, it may reflect a market change that the assessor's value does not reflect since it's an older appraisal.

**Does my Estimated Market Value include the value of timber?**

The appraisal for property tax purposes does not include the value of timber, crops, or any personal property. Personal property is basically any item that would not likely sell with the real estate (such as vehicles, furniture, certain appliances, and docks).

A timber classification reflects the use of the property and not that trees are valued on the property.

**If my value goes up does that mean the county collects more in taxes?**

Not necessarily. The amount of tax collected is determined by the State Legislature, County Board, School Board, Township Board, City Council, and other elected officials. The County Board has the key role in setting the property tax levy at the county level. Your Taxable Market Value determines what share of the tax burden or what size of piece of the pie you will be responsible for as a taxpayer. It is possible and not uncommon for a person with an increasing market value to have a decreasing property tax bill.

**Why do some parcels with similar values have huge differences in tax amounts?**

This question has a complex answer that cannot be fully explained here. The primary and most common reason for big differences would be due to classification. For example, an agricultural homestead has a much lower tax rate than most others. The ag homestead classification also has additional tax credits that other classifications do not receive.

Another reason for large differences is due to the local tax rate. This rate is determined by the County Auditor. The rate is less in areas with more market value and lower tax levies. In Aitkin County, lower local tax rates are typically found in townships with large amounts of lakeshore.

**What do I have to do to claim a homestead classification?**

To receive a homestead classification, property owners need to fill out an application with the County Assessor's Office. The property needs to be the owner's principal and primary residence. If there is a question about residency, the office staff may ask to see and verify items such as a driver's license, voter's registration, or other documents. A property inspection by a licensed appraiser may also be made. Social Security Numbers are required by law on all applications.

Usually, only one homestead is allowed per property owner. A second homestead can be obtained for qualifying relatives and spouses under special circumstances. Contact the Aitkin County Assessor's Office for more information on relative, spousal, and special agricultural homesteads.

Homestead classification can provide a significant reduction in the property tax bill on a parcel, especially when the property is agricultural. State Law provides for substantial penalties for misleading or lying to government officials to reduce tax obligations.

### **Who oversees the assessor's work?**

The Minnesota Department of Revenue and the Commissioner of Revenue oversees and audits the operations of each County Assessor's Office. As mentioned above, sales ratio studies are conducted to check sales against our current Estimated Market Values. If the median sales ratio is high or if properties are consistently overvalued, the state will expect the assessors to reduce values in an area. The opposite is true for low ratios and the undervaluing of properties.

The County Assessor also reports to the County Board. The County Board funds the operation of the office, approves staffing levels, and sets policies that affect the how the office runs.

### **What are the educational or licensing requirements for assessors?**

Assessors in Minnesota must be licensed annually by the State Board of Assessors. With this licensure, a minimum of 40 hours of approved continuing education is required every four years including several week long courses over the career of the assessor. Also, all licensed assessors must have a minimum of one year of assessment experience. Assessors must adhere to a standard code of ethics in Minnesota.