Our Vision: Brooklyn Park, a thriving community inspiring pride where opportunities exist for all.

A. CALL TO ORDER/ROLL CALL – Mayor Lunde

B. ASSESSORS REPORT
   B.1 CITY OF BROOKLYN PARK ASSESSOR’S REPORT

C. PROPERTY OWNERS TESTIMONY WITH DOCUMENTATION
   1. READ WRITTEN APPEALS INTO RECORD
   2. WELCOME COMMUNITY MEMBERS TO SPEAK

D. APPROVAL OF VALUATION AGREEMENTS BETWEEN MARCH 30, 2019 AND APRIL 8, 2019
   D.1 CITY ASSESSOR’S VALUATION AGREEMENTS BETWEEN MARCH 30, 2019 AND APRIL 8, 2019

E. SET DATE FOR RECONVENED BOARD OF APPEAL AND EQUALIZATION ON APRIL 22, 2019
   E.1 SET THE DATE FOR THE RECONVENED BOARD OF APPEAL AND EQUALIZATION

F. RECESS MEETING TO RECONVENED DATE

*** REGULAR COUNCIL MEETING TO FOLLOW***
City of Brooklyn Park

2019 Board of Appeal & Equalization

Monday, April 8
7:00 p.m.
DATE: April 4, 2019

TO: Brooklyn Park City Council,
Acting as the Board of Appeal and Equalization

FROM: Tracy Bauer-Anderson, City Assessor

VIA: Jay Stroebel, City Manager

RE: 2019 Board of Appeal and Equalization, Monday, April 8, 7:00 p.m.

Attached for your review is a report on the 2019 Assessment. The report introduces you to value adjustments, statistical measurements of our work, and general information which the assessing staff utilizes to determine values for the annual assessment. This will hopefully make your job, as a member of the Board of Appeal and Equalization, easier to understand.

Market values are based on market activity, which fluctuates with general economic conditions such as interest rates, inflation, supply and demand, and changes in tax laws. By Minnesota State law, as property values change in the marketplace, the changes must be reflected in the assessor’s estimated market values.

The system involves the comparison of properties with actual market sales from the same or comparable neighborhoods. All sales information collected by the assessor’s office is closely analyzed, and market values are adjusted by comparing properties that sold with properties that have not sold. The comparison provides the basis for the assessor’s estimated market value.

The State Department of Revenue uses ratio studies to measure our assessment level. They mandate the sales period which we use to set our values. The sales period for the January 2, 2019 assessment was October 1, 2017 through September 30, 2018. During this period, we saw an increase in sales over last year in all residential property types.

By law, the Assessors must set values based upon historical sales, not by predicting the future. The most common concern voiced is, “we cannot sell our home today for the value you have it assessed. Property owners seem to understand the time frame but are concerned that the 2019 assessed value is higher than their recent purchase price in some cases. In 2018, we saw a steady increase in the median sale price from $228,600 in January to $247,800 in December, or a 8.4% increase in the median sale price.

Sales of foreclosed properties are not always considered an open market transaction by the Minnesota Department of Revenue. We investigated each one of these sales and compared them with market transactions and some were qualifying ratios. However,
some foreclosed sales are still affecting the arms length sales and are reflected in those sale prices.

The purpose of the Local Board of Appeal and Equalization is to hear property owner’s testimony concerning the Assessor’s 2019 estimated market value or property classification based on documentation provided. This may be done in three ways:

1. In person
2. In writing
3. By property owner’s representative.

The Board will reconvene within 20 days, with the time to be determined. An extension request can be made to the Department of Revenue if the number of petitions is sizable. Decisions on all appeals will be made at that time based on staff reports and information submitted by the property owner.

**NOTE:** Before the Reconvened meeting, the Board will receive an Assessors Recommendation for each property contested. The Department of Revenue has allowed for the Board to vote to approve and or amend any changes in one vote. Please see the last page of the Appendices for more information. Also, any value change that is agreed to by the property owner and the assessor within ten days of the initial Board meeting must be voted on by the Board. If we have any of these cases we will bring them to the Local Board of Appeal and Equalization meeting for action by the Board.

The Certification Form from the Department of Revenue asks the following question:

Did the LBAE make changes to parcels owned by a member of the board, the spouse, parent, son or daughter of a board member, or property in which a board member has a financial or other interest in the property? If yes, please list the parcel numbers of the properties that were changed on the back of this form.

Board Members have a right to contest their value the same as any other citizen. However, I suggest the Board should recommend “no change” and have the County decide the value or classification to avoid the appearance of a conflict of interest.

I invite you to read the information and feel free to call me at 493-8341 with your questions or comments.
# Table of Contents

Purpose and Responsibilities .................................................. 2
Definition of Market Value .................................................... 3
Assessing Staff ...................................................................... 4
Introduction to the 2019 Assessment ..................................... 5
Ratio Study ............................................................................. 7
2019 Assessment Statistics .................................................... 8
2019 Sales Ratio Study ............................................................ 9
Board of Appeal and Equalization Procedures ............... 10
Appendices .............................................................................. 11

- Market Value Appeal System...................................................i
- Quintile Map........................................................................ii
- Property Appeal Form ............................................................iii
- Frequently Asked Questions About Estimated Market Value .......v
- Board Voting Procedures from MN Revenue .........................vii
- Fact Sheets from MN Revenue .............................................viii
PURPOSE AND RESPONSIBILITIES

The Board of Appeal and Equalization is an appeal procedure. A property owner may contest the estimated market value and classification of their property by appearing before the Board. As a member of the Board of Appeal and Equalization, the City Council has the ability to change values in accordance with State Law. State Statute reads:

“All property shall be valued at its market value.” It further states that “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.”

The statute says all property shall be valued at market value, not may be valued at market value. This means only market factors shall affect the assessed value.

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

- It is necessary that a majority of the members be in attendance in order to have a quorum. At least one of the members present must have attended an Appeals and Equalization Course Training sponsored by the Department of Revenue within the last four years. Council members West-Hafner and Parks have met this requirement.
- 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. They 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 aggregate assessment. For the 2019 assessment 1% would be $78,875,375.
- The Board must hear cases for the current assessment only.
- If the Board finds a case of under valuation, the Board may raise the valuation of a property, but it must first notify the owner.
- The Board must complete and adjourn within twenty days from the time it convened.
- While State Law allows an individual to refuse entry into their property, no value reduction can be made by the Board until the assessor has made an inspection.
- The Board cannot exempt property.
DEFINITION OF MARKET VALUE

The Minnesota statutory definition of market value is:

“Market Value” means 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)

“It is up to the assessor to form an opinion of the market value even when there is no
market or sales to aid in fixing values. Where there have been no actual sales for a long
period of time, there is no way of determining values except by the judgment and
opinion of people acquainted with the land, their adaptability for use, and the
circumstances of the surrounding community.” (State v. Fritch, 175 MN, 478, 221 N.W.
725)

Professional appraiser/assessor organizations have developed their own definitions of market
value, which may be more detailed than the statutory definition. The International
Association of Assessing Officers defines market value in the following manner:

Market Value is the most probable price expressed in terms of money that a
property would bring if exposed for sale in the open market in an arm’s
length transaction between a willing seller and a willing buyer, both of whom
are knowledgeable concerning all the uses to which it is adapted and for
which it is capable of being used.

Other professional organizations have defined market value in approximately the same terms.
The definitions generally imply the consummation of a sale as of a specific date under the
following conditions:

1. The buyer and seller are typically motivated;
2. Both parties are well informed or well advised and each is
   acting in what is considered to be their own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in cash or its equivalent;
5. Financing, if any, is on terms generally available in the
   community at the specified date and typical for the property
   type in its locale;
6. The price represents a normal consideration for the property
   sold unaffected by special financing amounts and/or terms,
   services, fees, costs or credits incurred in the transaction.

Market value is the price that would tend to prevail under typical competitive open market
conditions.
ASSESSING STAFF

Tracy Bauer-Anderson, SAMA City Assessor
Certified Residential Appraiser 18 Years’ Appraisal Experience Administration
Appraisal Review 
Comm/Ind Appraisal 
Tax Court Defense 
Green Acres/Exempt Assessment 
Sales Verification

Paige Heath, CMA Appraiser I 18 Years’ Appraisal Experience Residential Appraisal
Certified Residential Appraiser Ratio Studies/Foreclosures
18 Years’ Appraisal Experience Disaster Abatements
Appraisal Review 
Sales Verification

Jake Fronden, CMA Appraiser I 4 Years’ Appraisal Experience Residential Appraisal
Certified Residential Appraiser Ratio Studies/Foreclosures
4 Years’ Appraisal Experience Disaster Abatements
Appraisal Review 
Sales Verification

Joe Wulfing, CMA Appraiser I 2 Years’ Appraisal Experience Residential Appraisal
Certified Residential Appraiser Ratio Studies/Foreclosures
2 Years’ Appraisal Experience Disaster Abatements
Appraisal Review 
Sales Verification

Greg Johnson, CMAS-Income Qualified Appraiser II 38 Years’ Appraisal Experience Comm/Ind Appraisal
Certified General Appraiser Sales Verification 
38 Years’ Appraisal Experience Tax Court Defense

Jake Packer, AMA Appraiser II 4 Years’ Appraisal Experience Comm/Apt Appraisal
Certified General Appraiser Sales Verification 
4 Years’ Appraisal Experience Tax Court Defense

Shirley Olson, CMA Program Assistant III 22 Years’ Experience Divisions
Certified General Appraiser Abatements 
22 Years’ Experience Homesteads 
Appraisal Review 
Cert. of Real Estate Value 
Sales Verification 
Green Acres/ Exemptions 
Tax Court Defense 
Records Management/Clerk/Typist 

Laurie Goodman Program Assistant III 7 Years’ Experience Homesteads
Certified General Appraiser Abatements 
7 Years’ Experience Records Management/Clerk/Typist 

Veterans Exemption

Professional Appraisal Designations awarded by the State Board of Assessors

SAMA - Senior Accredited Minnesota Assessor
AMA – Accredited Minnesota Assessor
CMAS – Certified Minnesota Assessor Specialist Income Qualified
CMA - Certified Minnesota Assessor

Professional License awarded by the State Commerce Department

Certified Residential Appraiser
Certified General Appraiser
INTRODUCTION TO THE 2019 ASSESSMENT

Values continue to increase for properties located in Brooklyn Park. The Department of Revenue requires that 20 percent of the city is physically inspected each year. Updates to files along with changes due to permits, new construction and market factors affect value changes. The following is the preliminary percentage change in valuation of certain property types and does not include new construction.

<table>
<thead>
<tr>
<th>PROPERTY TYPE</th>
<th>VALUE PERCENT CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family</td>
<td>7.0%</td>
</tr>
<tr>
<td>Condominiums</td>
<td>16.6%</td>
</tr>
<tr>
<td>Townhomes</td>
<td>8.7%</td>
</tr>
<tr>
<td>Apartments</td>
<td>16.7%</td>
</tr>
<tr>
<td>Agricultural</td>
<td>0.2%</td>
</tr>
<tr>
<td>Commercial</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Industrial</td>
<td>4.6%</td>
</tr>
<tr>
<td>Total Change</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

Valuation notices were mailed on March 8, 2019 to all Brooklyn Park property owners.

Our residential quintile area this past year focused on the Northern quintile of the City for residential properties.

The value changes in the quintile, along with the remainder of the City, were due to changes that occurred in sales throughout the City. New construction value for the 2019 assessment equaled $84,941,100.

Apartments saw an increase in value of 16.7 percent, values increased on all complexes and senior buildings. Most of our apartment inventory is older with smaller units. Rents have increased and vacancies continue to be low. Each condominium and townhome project is considered its own neighborhood. Based on the sales, townhomes saw an overall increase of 8.7 percent, while condo values increased 16.6 percent overall. Commercial values in the city decreased -2.8 percent and industrial values saw an increase of 4.6 percent respectively.

One valuation rate was not used for all areas of the city. Great care has been taken to establish individual residential neighborhoods within the City. We have also segregated our sales information as to the type of property. For example: split levels, split entries, two stories, ramblers, etcetera. We have analyzed the sale prices of each type of property in the individual neighborhoods and adjusted the valuations to reflect the sales. The Assessor does not create value; we only measure its movements.
Appraisers who work in the ad valorem tax system must be licensed by the State of Minnesota. This includes class work to obtain the license and continued education and training to keep the license.

Training cannot tell us how to find the “perfect” value of a property, but training can consistently produce the same estimate of value for identical properties by different assessors. That, after all, is a working definition of equalization.

The following pages contain information that will assist you and make your function as a member of the Board of Appeal and Equalization a more productive one.
RATIO STUDY
TERMINOLOGY

Sales Ratio: (Assessment Level)

The ratio derived by dividing a property’s sale price into the Assessor’s estimated market value.

Sales Ratio Analysis:

Study of the relationship between the Assessor’s values, sales prices and the deviations resulting from differences between the two. The purpose of such an analysis is to determine the efficiency, equity, quality and fairness of assessing activities of a particular neighborhood or jurisdiction.

Coefficient of Dispersion: (Assessment Accuracy)

In statistics, the measure of absolute dispersion to an appropriate average. A measure of relative dispersion. Sometimes referred to as an “index of assessment inequality”. Under 10 percent is in the excellent range for residential properties.

Price Related Differential: (Assessment Difference)

A statistic used to measure the assessment differences that may exist between higher priced properties vs. lower priced properties; 100 points is ideal. According to the International Association of Assessing Officers standards, price related differentials should fall between 98 and 103.
## 2019 ASSESSMENT STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>Assessment Year</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>Total City Parcel Count</td>
<td>24,477</td>
<td>24,540</td>
<td></td>
</tr>
<tr>
<td>Total Parcel Count per Appraiser in Brooklyn Park</td>
<td>4,080</td>
<td>4,908</td>
<td></td>
</tr>
<tr>
<td>Total Estimated Market Value</td>
<td>$7,307,240,700</td>
<td>$7,877,537,500</td>
<td></td>
</tr>
<tr>
<td>Valuation Growth vs. preceding year</td>
<td>6.7%</td>
<td>8.3%</td>
<td></td>
</tr>
<tr>
<td>New Construction Value</td>
<td>$105,936,500</td>
<td>$84,941,100</td>
<td></td>
</tr>
<tr>
<td>Total Building Permits for Assessment Period</td>
<td>9,466*</td>
<td>4,011</td>
<td></td>
</tr>
<tr>
<td>Brooklyn Park Median Home Sale Price</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traditional</td>
<td>$228,600</td>
<td>$247,800</td>
<td></td>
</tr>
<tr>
<td>Calendar Year 2016 &amp; 2017 per MLS Data</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Single Family Residential Sales Study Time</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median Sales Ratio</td>
<td>96.3%</td>
<td>95.4%</td>
<td></td>
</tr>
<tr>
<td>Co-efficient of Dispersion</td>
<td>7.1%</td>
<td>6.5%</td>
<td></td>
</tr>
<tr>
<td>Price Related Differential</td>
<td>100.2</td>
<td>100.2</td>
<td></td>
</tr>
</tbody>
</table>

2019 Data is preliminary
*Data provided by Building Division – Large number of permits due to storm damage.
Equalization is accomplished through ratio studies. These studies compare the assessed value to the actual sales price for properties that have sold during the study period. This comparison gives us ratio indicators that are recognized by the County and the State Commissioner of Revenue. The ratio indicators must reach acceptable levels of performance (90 percent to 105 percent) or they will trigger “corrective” action for general across-the-board adjustments by the County Assessor or the Commissioner of Revenue. These general corrections are essentially a “shotgun blast” type correction that affect the adequate and inadequate values alike and although they correct equalization across jurisdictional lines, they do just the opposite within a jurisdiction by increasing inequity.

The 2019 sales study recently completed by our staff and Hennepin County places our overall time adjusted residential median ratio at 95.4 percent. County wide information is not yet available but the target ratio was 95 percent. Many of the cities within the county have a median ratio close to 100 percent. We want to be the leader in most other areas; however, in equalization ratio studies we certainly do not want to be at or near the top.

Our coefficient of dispersion in this year’s study is 6.5. (anything under 10 is considered excellent). This measurement has come down considerably due to the reduction of foreclosures; this demonstrates our ability to administer fair and equalized valuations.

Our price related differential is 100.2. This shows our ability to treat higher priced homes as equally as the lower priced homes. If the differential is less than 100, it shows higher priced homes are valued higher. If it is over 100, lower priced homes are valued higher. A price related differential between 98 and 103 is considered good.
BOARD OF APPEAL AND EQUALIZATION PROCEDURES

• Each property owner appearing will complete the property appeal form and give it to the Assessing staff. Assessing staff then adds further reference information, logs the appeal and brings it to the board.

• Written appeals will be read into the meeting record.

• The Board will direct the Assessor to re-inspect and review each petitioned property.

• The Assessor then re-inspects and review each property under appeal. The owner is notified and the Assessor makes a corresponding recommendation to the Board. The Board will reconvene within 20 days (April 22nd) and all decisions will be finalized at that time.

• The Board then compares the information presented by the Assessor to the information presented by the property owner and makes a determination of what is the actual market value of each property. The Board can make changes to the Assessor’s recommendations and once all values are finalized the Board can then approve all petitions in one motion.
Appendices
Market Value Appeal System

The following chart shows the process that a property owner may use to appeal their valuation or classification. Property owners are provided with a description of this process on their valuation notices and on the back of their tax statement.

<table>
<thead>
<tr>
<th>What do I do if I think my property is valued or classified incorrectly?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examine your notice; if you have a question OR if you think your property assessment for this year is incorrect, follow these steps:</td>
</tr>
</tbody>
</table>

**Talk to your assessor**

- Call the number listed on the notice
- Discuss your concerns with the assessor/appraiser
- Review sales information

**IF SATISIFIED:**

**STOP**

**IF NOT SATISIFIED:**

**Attend the Local Board of Appeal and Equalization**

- The local board of appeal and equalization meets at the city level
- Meets in April or May
- Appeal in person, by letter or by designated representative

**IF SATISIFIED:**

**STOP**

**IF NOT SATISIFIED:**

**Attend County Board of Appeal and Equalization**

- You must first appeal to the local board of appeal and equalization if your city holds this meeting...
- Meets in June
- Appeal in person, by letter or by designated representative

**IF NOT SATISIFIED:**

**Appeal to the Minnesota Tax Court**

Appeals must be filed by April 30 of the year following the assessment. There are two divisions in which you may file an appeal as described below: [www.taxcourt.state.mn.us](http://www.taxcourt.state.mn.us)

<table>
<thead>
<tr>
<th>Regular Division</th>
<th>Small Claims Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-homestead property valued over $300,000</td>
<td>Estimated market value of the property is less than $300,000, or</td>
</tr>
<tr>
<td>Appeal can be used for all property</td>
<td>If residential (1a) or disabled (1b) homestead, then there must be only one dwelling unit per parcel per petition.</td>
</tr>
<tr>
<td>Attorney is recommended</td>
<td>If ag homestead (2a), homestead must apply to entire property, or</td>
</tr>
<tr>
<td>Decisions can be appealed to MN Supreme Court</td>
<td>Denial of current year application for homestead.</td>
</tr>
<tr>
<td></td>
<td>Attorney is not necessary; decisions are final.</td>
</tr>
</tbody>
</table>
Welcome to the Brooklyn Park Board of Appeal & Equalization

The purpose of the Board of Appeal and Equalization is to establish the market value and classification of property as of January 2, 2019. This function does not include consideration of prior year valuations; nor does it include any appeal of the amount of property taxes.

The market value is the most probable price expressed in terms of money that a property would bring if sold in the open market in an arm’s length transaction between a willing seller and a willing buyer. Similar properties in your neighborhood that recently sold were considered when establishing the most probable sale price of your property.

You are responsible for presenting evidence to the Board of Appeal and Equalization as to why the valuation or classification for your property established by the City Assessor is not accurate as of January 2, 2019. Please complete the reverse side of this form and return the form to the City’s staff. You will also be required to schedule an appointment for your property to be inspected at this time.

You will be asked to present your case to the board. We ask that you limit your presentation to 5 minutes to allow other citizens equal opportunity.
# Property Appeal Form

**Board of Appeal & Equalization**

City Hall
5200 85th Avenue North
Brooklyn Park MN 55443
Phone: 763-493-8175
Fax: 763-493-8391

<table>
<thead>
<tr>
<th>Appeal #:</th>
<th>PID #:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Style:</th>
<th>Res □ TH □ CC □ Duplex □ Bus □ Ind □ Apt □ Other</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Neighborhood #</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Appointment Date:</th>
<th>Time:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Last inspection date and entry status:</th>
</tr>
</thead>
</table>

For office use only

<table>
<thead>
<tr>
<th>Application Date:</th>
</tr>
</thead>
</table>

**NOTE: Attach supporting documentation**

<table>
<thead>
<tr>
<th>Owner Name:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Owner Address:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Home Phone Number:</th>
<th>Business Phone Number:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Property Address:</th>
</tr>
</thead>
</table>

| Assessor's estimated market value on January 2, 2019 (on value notice): | $ ____________________ |
|------------------------------------------------------------------------|

| In my opinion the estimated market value on January 2, 2019 should be | $ ___________________ |
|------------------------------------------------------------------------|

<table>
<thead>
<tr>
<th>Purchase Date:</th>
<th>Purchase price $</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Year Built - House:</th>
<th>Garage/s:</th>
<th>Addition/s:</th>
<th>Shed/s:</th>
<th>Deck/s:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Condition of Structures:</th>
<th>Excellent □ / Very Good □ / Good □ / Average □ / Below Average □ / Poor □</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Description &amp; value of any additions and/or improvements since your purchase of this property:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Have you discussed your concerns with the Assessor’s Office prior this meeting?</th>
<th>YES □</th>
<th>NO □</th>
</tr>
</thead>
</table>

**Professional Appraisal:**

<table>
<thead>
<tr>
<th>Appraisal Date:</th>
<th>Indicated Value:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>NOTE: Attach copy</th>
</tr>
</thead>
</table>

**Explain the reason for your objection to assessor's estimated market value:**

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

I DO HEREBY AFFIRM THAT THE ABOVE INFORMATION IS COMPLETE AND TRUE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature of property owner or representative:

*Example of documents: recent appraisal, written realtor analysis, written contractor estimate, documents from experts describing property limitations (zoning restrictions, denial of building permit, etc.), deeds describing easement limitations, photos, maps, etc.*
Frequently Asked Questions About Estimated Market Values

1. Why has my value changed?

Property values are based on market values, which fluctuate with general economic conditions such as interest rates, inflation rates, supply and demand, and changes in tax laws. By Minnesota state law, as property values change in the marketplace, those changes must be reflected in the assessor’s estimated market values.

2. How does the assessor determine the estimated market value?

The City of Brooklyn Park Assessor’s office uses a mass appraisal process for estimated market values. This system involves the comparison of thousands of properties with actual market sales from the same neighborhoods. All sales information collected by the assessor’s office is closely analyzed. The assessor’s office adjusts market values by comparing properties that sold with properties that have not sold. This sales comparison provides the basis for the assessor’s estimated market value.

3. Does the estimated market value change at the same rate on all properties?

No, it does not. There are differences between individual properties and between neighborhoods. In one area the sales may indicate a large increase in value in a given year. In another neighborhood there may be very little or no change in value. Different types of property within the same neighborhood may show different value changes. There are numerous factors to be considered in each property, which will cause value changes to differ. Some of the factors that can affect value are location, condition, size, quality, number of baths, basement finish, garages and many others.

4. Can my estimated market value change even if the assessor has not been inside my property?

Yes. The assessor keeps records on the physical characteristics of each property in the city. Even though the assessor may have been unable to go through your property, the estimated market value will still be reviewed based on existing records and sales of similar properties.

5. What will happen to my estimated market value if I improve my property?

Generally speaking, improvements that increase the market value of a property will increase the assessor’s estimated market value. The following are typical improvements that will increase the estimated market value of your property:

- Added rooms or garages
- Substantial modernization of kitchens or baths
- Central air conditioning
- Fireplaces
- Extensive remodeling
6. **Will my estimated market value go up if I repair my property?**

Good maintenance will help retain the market value of your property. Generally, your estimated market value will not be increased for individual minor repairs such as those that follow. However, a combination of several of these items could result in an increase in your estimated market value.

- Replacing a water heater
- Repairing or replacing roofs
- Repairing porches or steps
- Painting or redecorating
- Replacing plumbing or electrical fixtures

7. **What can I do if I think the estimated market value is too high?**

You have the right to appeal the estimated market value. The methods of appeal are detailed on the back page of “Your Estimated Market Value Notice.”
Local Board of Appeal and Equalization

Re: Board Voting Procedures

The Department of Revenue has discussed a request for approving a list of changes presented to a Local Board of Appeal. Our wish is to make the Local Board of Appeal as efficient and as accurate as possible. These proceedings must be transparent and publicly accountable in order to promote public confidence in the process. With these goals in mind, we would find the following process acceptable.

- Each PIN# for which a change is recommended must be verbally read into the minutes at the meeting.
- The recommended change for each parcel (amount of value, classification) must be verbally read into the minutes at the meeting.
- There must be opportunity for discussion of each recommended change.
- A motion approving/denying all those recommendations with which the board agrees may be made and voted upon.
- Each parcel or group of parcels included in each recommendation must be recorded in the Local Board of Appeal Record form individually.

The Board must be aware of all the changes they voting on. As long as this is achieved, we would find a single motion, following the guidelines outlined above for multiple recommendations acceptable.

MINNESOTA • REVENUE

Gary Amundson, PTCO 2
Property Tax Division
Phone: 218-575-3183
Cell: 651-260-8252
Fax: 218-575-3183
Email: gary.amundson@state.mn.us
Website: www.revenue.state.mn.us
Understanding Property Taxes

Property Tax Fact Sheet 1

This fact sheet explains why we have property taxes and how they are calculated for your property. It is one of a series of fact sheets designed to help you understand Minnesota’s property tax system.

Why do we have property taxes?
Local property taxes help fund local programs and services, such as public schools, fire and police protection, streets, libraries, and more. Property taxes fund school districts, towns, cities, counties, and other special taxing districts.

Some properties – including seasonal/cabin and commercial/industrial – are also subject to a state-level property tax. This “state general tax” goes into the state general fund.

Property taxes are generally a more stable source of revenue than sales or income taxes. Property taxes are less susceptible to economic, income, or spending trends.

What affects my property tax bill?
A number of things can affect your property tax bill, but local government spending and non-tax revenues will affect it the most. In general:

- Your property taxes may go up if local governments raise spending or receive less non-tax revenue (such as state aid).
- Your property taxes may go down if local governments reduce spending or receive more non-tax revenue.

Each year, local governments determine how much property tax revenue is needed to cover their spending – the levy (budget).

The value and classification (type) of property are used to determine your share of the levy. Other things – including programs that defer or reduce your property tax – also play a role.

How does my property value affect taxes?
The assessor determines the estimated market value (EMV) and classification of your property on January 2 each year.

The EMV does not directly affect your property tax bill. Instead, the taxable market value is used to calculate how much of the levy you will pay.

For more information, see Fact Sheet 2, How the Assessor Estimates Your Market Value.

How does my property classification affect taxes?
The assessor classifies your property according to how it is used (homestead, apartment, cabin, farm, commercial-industrial, etc.).

Each class of property is taxed at a different percentage of its value. These classification (class) rates are set by state law.

Different class rates may result in some types of property paying a greater share of local property taxes than others. For example, commercial properties typically pay more than residential homesteads and agricultural properties.

How are my taxes determined?
First, your local jurisdiction determines how much property tax revenue is needed. Officials calculate the local tax levy by subtracting all non-property tax revenue from the total proposed budget.

\[
\text{Total Proposed Local Budget} = \text{Non-Property Tax Revenue (state aid, fees, etc.) + Property Tax Revenue Needed (levy)}
\]

This fact sheet is intended to help you become more familiar with Minnesota tax laws and your rights and responsibilities under the laws. Nothing in this fact sheet supersedes, alters, or otherwise changes any provisions of the tax law, administrative rules, court decisions, or revenue notices. Alternative formats available upon request.
The levy is spread among all taxable properties according to their tax capacity. (A property’s tax capacity is calculated by multiplying its taxable market value by its class rate.)

\[
\text{Tax Capacity} = \text{Taxable Market Value} \times \text{Class Rate}
\]

The **local property tax rate** is calculated by dividing the property tax revenue needed by the jurisdiction’s total tax capacity.

\[
\text{Local Tax Rate} = \frac{\text{Property Tax Revenue Needed (Levy)}}{\text{Total Tax Capacity (For All Properties)}}
\]

Finally, the county auditor calculates and applies any credits, voter-approved school referendum levies, and the state general tax (for certain types of property).

By combining the above calculations, we get the **basic formula** to determine the tax due for an individual property.

\[
\frac{\text{Taxable Market Value} \times \text{Class Rate}}{\text{Local Tax Rate}} = \text{Tax Capacity} = \text{Base Tax} - \text{Credits} + \text{Referendum Levy Amounts} + \text{State General Tax (when it applies)} - \text{Total Property Tax Payable}
\]

**What is a ‘Truth in Taxation’ notice?**

Truth in Taxation notices are sent to all property owners each November, before local governments finalize their budgets for the coming year.

This notice is meant to help you understand how property taxes are determined and how you can get involved with local budgeting and taxation. It provides information about your property’s:

- Value and classification
- Tax amounts for the current year
- Estimated taxes for the coming year under the local budgets being proposed

The notice also tells you when local officials will hold public meetings to discuss and finalize their budgets. These meetings are an opportunity to voice your opinion about the proposed spending.

You cannot appeal your property’s market value, classification, or proposed taxes at these meetings. (For more information, see Fact Sheet 3, How to Appeal Your Value and Classification.)

**What is a Property Tax Statement?**

Property tax statements are mailed to all property owners by March 31 of each year.

The statement tells you how much property tax you owe for the year. It provides an itemized list of all your local property taxes (city or town, county, school district, etc.) It also will include any special assessments on your property, such as tax on “contamination value” or special assessments for road improvements.

**Note:** Your property’s value and classification from the previous year are used to calculate the tax amount. You cannot appeal your tax amount.

**When are my property taxes due?**

Most property taxes are due on May 15 and October 15 (paid in equal installments).

If your total property tax is $100 or less, the full amount is due on May 15.

If your property is classified as **agricultural**, the second payment is not due until November 15.

**What can I get more information?**

If you have questions or need more information:

- Refer to other fact sheets, such as:
  - Fact Sheet 2, Estimating Market Value
  - Fact Sheet 3, How to Appeal Your Value and Classification.
- Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and type “property tax fact sheets” into the Search box.
- Contact your County Assessor, Auditor, or Treasurer.
How the Assessor Estimates Your Market Value

Property Tax Fact Sheet 2

Estimated market value is one of the factors used to determine your property taxes. This fact sheet explains how that value is calculated and used.

How does the assessor estimate the market value of my property?

Assessors value properties using a mass appraisal process to review sales of similar properties in the area over a set time period.

This “estimated market value” represents what your property would sell for in an “arms-length” sale on the open market (where buyer and seller are not related and both are educated about the property).

Assessors review sales from October 1 to September 30. They adjust the prices for market trends to estimate the market value of your property on the next assessment date (January 2).

An example of this timeline is:

- To estimate a property’s 2018 market value, the assessor reviews property sales from October 1, 2016, to September 30, 2017.
- Property owners may appeal their estimated market value and classification. This process occurs from April 1, 2018 to June 30, 2018.
- Property values and classifications become final on July 1, 2018. These values are used to determine taxes for 2019.

Assessors also review other data such as supply and demand, marketing times, and vacancy rates. This helps them determine if the real estate market in your area is increasing, stable, or decreasing.

What is the difference between ‘Estimated Market Value’ and ‘Taxable Market Value’?

While estimated market value (EMV) shows what your property would likely sell for on the open market, “taxable market value” (TMV) is used to determine your taxes.

A property’s TMV is its estimated market value minus any tax exemptions, deferrals, and value exclusions that apply. For example, many homeowners have a Homestead Market Value Exclusion, which reduces the amount of home value that is subject to tax.

How does my property value affect my property taxes?

Property value does not directly affect your property tax bill. It is used to calculate your share of the local property tax levy for the year.

This levy is the total property tax revenue needed to fund the budgets set by your county, city or town, and school district.

Your property’s taxable market value is multiplied by its classification rate to determine its share of the levy.

Increasing or decreasing your property’s market value does not change the overall amount of property tax revenue that is collected.

For more information, see Fact Sheet 1, Understanding Property Taxes.
How do assessors verify their estimated values are in line with the market?

The Department of Revenue and assessors do a “sales ratio study” each year to see how assessors’ values compare to actual sales prices.

A sales ratio is the assessor’s EMV of a property divided by its actual sales price:

\[
\text{Sales Ratio} = \frac{\text{Assessor EMV}}{\text{Actual Sales Price}}
\]

For example, assume a home was valued at by the assessor at $200,000 and sold for $210,000. The sales ratio is calculated like this:

\[
\text{Sales Ratio} = \frac{200,000}{210,000} = 0.952 = 95\%
\]

The overall EMVs should be within 90 to 105 percent of actual sales prices. Otherwise the Department of Revenue may order the assessor to adjust property values.

Where do assessors get sales information?

This information comes from sales of real estate. A Certificate of Real Estate Value (CRV) is filed whenever real estate sells for more than $1,000.

CRVs have important details about each transaction. Assessors use this information to help estimate market values and for the sales ratio study.

Before using a CRV in the sales ratio study, the assessor must verify the sale was an open-market, arms-length sale. Otherwise it cannot be used in the study.

How do I know if my assessor has the right information for my property?

Assessors are required to inspect properties in person at least once every 5 years. They also inspect property if new construction or demolition takes place.

You may contact the assessor to verify information about your property such as dimensions, age, and condition of any structures.

If your property has new improvements or other changes the assessor may not know about, you can ask the assessor to review and adjust your property records.

If you disagree with the assessor’s value for your property, you may appeal. For more information, see Fact Sheet 3, How to Appeal Your Value and Classification.

Can the values of some properties decrease while others increase?

Yes. Sales prices for different types of property can vary widely depending on market conditions and other factors.

In recent years, for example, sales of farmland were generally stronger than residential or commercial sales in most areas of the state.

No two properties are exactly alike. A property’s market value or sales price is also affected by its unique characteristics – such as location, square footage, number of rooms, etc.

Do property values in all areas increase or decline at the same rate?

No. Local real estate markets can be affected by a wide range of factors, such as new construction, changing demand for property, or economic trends.

Each area or neighborhood is different; its values can change at a faster (or slower) rate than others.

Where can I get more information?

If you have questions or need more information:

- Refer to:
  - Fact Sheet 1, Understanding Property Tax; and
  - Fact Sheet 3, How to Appeal Your Value and Classification.
- Go to www.revenue.state.mn.us and type property tax fact sheets into the Search box.
- Contact your County Assessor.
How to Appeal Your Value and Classification

Property Tax Fact Sheet 3

Each spring your county sends you a Notice of Valuation and Classification. Three factors that affect your tax bill are:

1. The amount your local governments (town, city, county, etc.) spend to provide services
2. The estimated market value of your property
3. The classification of your property (how it is used)

The assessor determines the value and classification of your property; you may appeal if you disagree.

What if I disagree with how my property was assessed?

Most issues and concerns can be resolved by doing research and contacting the county assessor’s office. You should:

- Verify information about your property, such as its dimensions, age, and condition of its structures.
- Review records to determine the market values of similar properties in your neighborhood.
- Review sales data to see what similar properties in your area are selling for.
- Ask the assessor to explain the criteria used to classify your property. You may review the classifications of other properties used in the same way as yours.

If your property has not been inspected recently (both interior and exterior), ask the assessor to review your property.

If you and the assessor are unable to agree on your property valuation or classification, you can make a formal appeal.

How does my property’s classification affect my taxes?

Assessors classify all property according to its use on January 2. Each class of property (home, apartment, cabin, and farm business) is taxed at a different percentage of its value. This percentage, or “class rate,” is determined by the Legislature.

The class rate plays a significant role in how much property tax you pay.

What can I appeal?

You can appeal your property’s estimated market value, and/or classification if you feel your property is:

- Classified improperly
- Valued higher or lower than you could sell it for
- Valued differently from similar property in your area

Your assessor is not responsible for the dollar amount of property taxes that you pay. Tax rates are determined by your local taxing authorities (city, county, school districts, etc.). You may not appeal your taxes.
How do I appeal my assessment?
You may appeal to your Local and/or County Board of Appeal and Equalization, or you may choose to go directly to Minnesota Tax Court.

The date, times, and locations of the boards are on the Notice of Valuation and Classification. You should schedule your appearance with the board.

You must appeal to the Local Board of Appeal and Equalization before appealing to the County Board of Appeal and Equalization.

For both boards you may make your appeal in person, by letter, or have someone else appear for you. The assessor will be present to answer questions.

Note: By law, the Local and County Board of Appeal and Equalization cannot make a change favoring a taxpayer if the assessor is not allowed to inspect the property.

What should I bring to my appeal?
Bring evidence and supporting documentation about your property’s value and classification such as:
- A recent appraisal of your property
- Real estate listings for similar properties in your area
- Photos of your property that may help support your claim

What is the Local Board of Appeal and Equalization?
The Local Board of Appeal and Equalization is usually the same people as your city council or town board. The board of appeal meets in April or May.

Cities and towns may choose to transfer their board powers to the County Board of Appeal and Equalization.

If your city or town board has done this, your Notice of Valuation and Classification will direct you to begin your appeal at the county level.

What is the County Board of Appeal and Equalization?
The County Board of Appeal and Equalization is usually the same people as your county board of commissioners or their appointees. This board meets in June.

You may appeal to the county board if you are not satisfied with the decision of the Local Board of Appeal and Equalization, or if your city or town has transferred its powers to the county.

If you are not satisfied with the decision of the County Board of Appeal and Equalization, you may appeal to the Minnesota Tax Court

How do I appeal to Minnesota Tax Court?
To appeal your property’s value or classification, you complete and file Minnesota Tax Court Form 7, Real Property Tax Petition.

You must file your appeal by April 30 of the year the tax becomes payable. For example, you must appeal your 2018 assessment by April 30, 2019.

You can get more information, forms, and instructions at:
- mn.gov/tax-court
- Call 651-539-3260

Where can I get more information?
If you have questions or need more information about the appeal process, contact your County Assessor’s Office.

For more information on how market value and classification are determined:
- Refer to:
  - Fact Sheet 1, Understanding Property Taxes and
  - Fact Sheet 2, How the Assessor Estimates Your Market Value.
- Go to www.revenue.state.mn.us and type property tax fact sheets into the Search box.
Why doesn’t the assessor’s value reflect the sale price of my property?

1. There is a lag between the time of the assessment and when the sale takes place.

An appraisal is an estimate of property value based on historical data at a set point in time – January 2 of each year – and the market can change dramatically by the time the property is sold.

For example, consider a property valued at $180,000 as of January 2, 2007. This assessment is based on home sales that occurred between October 2005 and September 2006. However, the property may sell for $230,000 in August 2007. Does this mean the estimated value is incorrect? Not necessarily. It could signal an upturn in the housing market between September 2006 and August 2007, raising the sale price of the home.

Just as buyers in rapidly accelerating markets may pay significantly more than the assessor’s last valuation, they may also pay less in declining markets. A property valued by the assessor at $200,000 for the 2007 assessment may sell for $175,000 in August 2007.

This lag time often results in a dramatic difference between actual sale prices and the estimated market values for the current year.

2. Properties can change over time.

While values can fluctuate on an annual basis due to sales of similar properties, Minnesota law requires that properties only be inspected once every five years, unless new construction or demolition takes place. Between those inspections, properties may be improved without the owner obtaining a building permit – or they may deteriorate if neglected. These changes can be difficult for assessors, who may only see the exterior of the home, to consider in their annual evaluations.

3. There is no “correct” price for real estate – but rather a range of prices.

The ultimate sale price of a particular property depends on its unique characteristics as well as the complex motivations and preferences of the seller and potential buyers. If that weren’t the case, Realtors and sellers would never have to reduce listing prices, offers from multiple buyers would all be identical, and professional appraisals would all arrive at the same value. In reality, list prices often misjudge the market, offers are negotiable and can vary widely, and appraised values may be disputed.

4. No two parcels of property are identical.

Estimating the precise value of a property that is based on dozens, if not hundreds, of characteristics is very difficult. Even nearly identical properties (e.g. adjacent townhomes or condominiums) often sell for different amounts.

5. Real estate markets are highly localized and always changing.

Sale prices of different types of properties can vary widely. Currently, farmland and recreational properties are rising in value and sales are strong, but residential sales are stable or slightly declining in several areas. Some neighborhoods are declining at a much faster rate than other areas, which may be stable or slightly increasing in value.

6. Fewer sales mean more challenges for assessors.

In many markets and for many types of property, there are few sales of comparable properties. This can make accurate market assessments more difficult, but the assessor must still use his/her professional judgment and knowledge to estimate market values on an annual basis. This may mean looking at sales that take place outside the study time frame or in a neighboring city or township.

7. Not all sales are representative of the market.

Some sales, such as foreclosures, sales between relatives, or sales where the seller or buyer are acting under undue duress are not considered open-market, arm’s-length transactions and are not used in sales ratio studies, nor are they used as comparables in estimating the market values of similar properties.

If you have additional questions or concerns, please contact your county assessor.
<table>
<thead>
<tr>
<th>Agenda Item:</th>
<th>D.1</th>
<th>Meeting Date:</th>
<th>April 8, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agenda Section:</td>
<td>Approval of Valuation Agreements</td>
<td>Originating Department:</td>
<td>Finance</td>
</tr>
<tr>
<td>Resolution:</td>
<td>N/A</td>
<td>Prepared By:</td>
<td>Tracy Bauer-Anderson, City Assessor</td>
</tr>
<tr>
<td>Ordinance:</td>
<td>N/A</td>
<td>Presented By:</td>
<td>Tracy Bauer-Anderson</td>
</tr>
<tr>
<td>Attachments:</td>
<td>N/A</td>
<td>Item:</td>
<td>City Assessor’s Valuation Agreements between March 30, 2019 and April 8, 2019</td>
</tr>
</tbody>
</table>

**City Manager’s Proposed Action:**


**Overview:**

Staff continues to work with property owners that have concerns with their valuations. Any changes made 10 days before the Local Board of Appeal and Equalization Meeting, need to be approved by the Board. Staff has inspected and came to an agreement on the valuation with the property owner(s).

**Primary Issues/Alternatives to Consider:**

The Board can accept the City Assessor’s valuation agreements or can adjust the valuations.

**Budgetary/Fiscal Issues:** N/A

**Attachments:** N/A
City Manager’s Proposed Action:

MOTION ______________, SECOND _______________, TO RECONVENE THE BOARD OF APPEAL AND EQUALIZATION MEETING ON APRIL 22, 2019.

Overview:

The purpose of the Local Board of Appeal and Equalization is to hear property owner testimony concerning the Assessor’s 2019 estimated market value or property classification based on documentation provided. This may be done in three ways: in person, in writing and by property owner’s representative.

The Board will reconvene within 20 days and the decisions on all appeals will be made at that time based on staff reports and information submitted by the property owner.

Primary Issues/Alternatives to Consider: N/A

Budgetary/Fiscal Issues: N/A

Attachments: N/A