MINNESOTA ASSESSORS' MANUAL

DEPARTMENT OF REVENUE
State of Minnesota

1977 EDITION

Available from
DOCUMENTS SECTION
Department of Administration
140 Centennial Office Building
St. Paul, Minnesota 55155

PREFACE

This edition of the Minnesota Assessors' Manual has been prepared to assist assessors who need information on assessment procedure.

The manual groups together as nearly as possible all of the subject matter related to each of the general classes of property and other subject matter which properly belongs together.

There is an index to help locate certains phases of assessment work. Most of the sections have a few key words set as a heading to aid in finding subject matter.

It should be noted the laws are not always stated verbatim. However, the main paragraphs are referenced with the statute numbers for the reader who wishes to consult the statute books for the exact wording.

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CHAPTER I

APPOINTMENT, COMPENSATION, QUALIFICATIONS AND GENERAL DUTIES OF ASSESSORS

QUALIFICATIONS

In view of the increased public interest in the administration of the property tax, assessors are going to be required by law to be better trained and more knowledgeable than ever before. Commencing June 15, 1975, all township, city and county assessors in Minnesota will be required to be certified assessors. The Board of Assessors will determine what training and experience are necessary to qualify a person for the office of assessor. The Board is authorized to certify an assessor even though the individual lacks the prescribed training provided he can demonstrate his capabilities by means of an examination or proven experience. The Board is authorized to make changes in the requirements for certification as it sees fit. In addition to the required training and experience necessary for certification, assessors must be residents of the State of Minnesota and should possess certain attributes which contribute to public confidence in the assessor.

Beginning in 1976 the terms certify, certified and certification as used in the paragraph above were changed to license, licensed, and licensure respectively.

TOWN AND CITY ASSESSORS

Appointment

The governing body of any township or city must appoint and employ an assessor as required by the Board of Assessors. (M.S. Sec. 270.41 to 270.53) See Board of Assessors and Licensure of Assessors in Chapter I.

All town assessors are appointed by the town board. Notwithstanding any charter provision to the contrary, all city assessors are appointed by the city council or other appointing authority as provided by law or charter. Such assessors shall be residents of the state but need not be a resident of the town or city for which they are appointed. All town assessors shall be appointed for indefinite terms. The terms of city assessors shall be for the period provided in the charter or for indefinite terms. (M.S. Sec. 273.05, Sub. 1, M.S. Sec. 273.051)

Vacancies

Vacancies in the office of town or city assessor shall be filled by appointment of the respective appointing authority. If the governing body of any township or city fails to employ an assessor as required by the Board of Assessors, the assessment shall be made by the county assessor. (M.S. Sec. 273.05, Subd. 1, M.S. Sec. 270.50)

When any vacancy occurs in the office of township or city assessor, the Commissioner of Revenue has ruled the vacancy must be filled within 30 days by the town-board, city council or other appointing authority. A 30 day extension to fill the vacancy may be granted upon written request to the Commissioner of Revenue. If the vacancy isn't timely filled by the governing body, the assessment will be made by the county assessor.

Compensation of Town Assessors

The town assessors, except in towns wherein special laws set the salary and compensation of the assessor, shall be compensated in an amount to be determined by the town board. The town board is also authorized to reimburse any town assessor for expenses and mileage. (M.S. Sec. 367.05, Subd. 1)

Mileage in Doing Work

It will be noted that town assessors cannot receive mileage for their travel in their actual work unless the electors at the previous annual town meeting have authorized payment of such mileage. The electors may allow the assessor mileage at the rate of seven and one-half cents for each mile necessarily traveled in his assessment work.

The town board has the authorization to compensate town assessors for mileage at the rate of seven and one-half cents per mile for each mile necessarily traveled in going to and returning from county seat of the county to attend any meeting of the assessors of the county which may be legally called by the county auditor, and also for each mile necessarily traveled in making his return of assessment to the proper county officer.

Compensation of City Assessors

In cities other than cities of the first class and cities having home rule charters authorizing compensation in excess of that permitted by this section which are situated in counties having not less than 450,000 inhabitants and an assessed valuation of more than $450,000,000, the assessor and each deputy assessor shall be entitled to a rate of compensation established by the governing body, of not less than $7.50 and not more than $12.50 for each days service necessarily rendered by him, not exceeding 120 days in any one year, and mileage at the rate of 7½ cents per mile for each mile necessarily traveled by him in going to and returning from the county seat of such county to attend any meeting of the assessors of such county which may be legally called by the Commissioner of Revenue and also for each mile necessarily traveled by him in making his return of assessment to the proper officer of such county. When the county auditor shall direct an assessor to perform work additional to the work performed within the 120-day period, the assessor shall be paid for such additional work at the rate of $1.20 per hour, but

not to exceed $200 in addition to the compensation hereinbefore provided. When the county auditor shall instruct an assessor to perform work in addition to the 120-day period and where the assessor has exceeded an amount of $200 in addition to the compensation provided for work performed outside of the 120-day period, such assessor shall be reimbursed at the rate of $1.20 per hour by the county auditor from county funds. (M.S. Sec. 273.04)

The assessor may be compensated on a full-time or part-time basis at the option of the council, but his compensation shall not be less than $100 in any one year, if fixed on an annual basis, or not more than $20 per day, if fixed on a per diem basis. If his compensation is not fixed by the council the assessor shall be entitled to compensation at the rate of $20 per day for each days service necessarily rendered, and mileage at the rate of seven and one-half cents per mile for each mile necessarily traveled in going to and returning from the county seat of the county to attend any meeting of the assessors of the county legally called by the county auditor, and also for each mile necessarily traveled in making his return of assessment to the proper county officer and in attending sectional meetings called by the county assessor except when mileage is paid by the county. In addition to other compensation, the council may allow the assessor seven and one-half cents per mile for each mile necessarily traveled in his assessment work. (M.S. Sec. 412.131)

County Seat Meeting — Mileage and Pay

Further provisions relating to compensation and mileage for assessors and members of local boards of review are as follows: The assessor and at least one member of each local board of review shall meet at the office of the county auditor on a day to be fixed by the Commissioner of Revenue for the purpose of receiving instructions as to their duties under the laws of the state. Each assessor and board of review member attending such meetings shall receive as compensation for such service the sum of $10 per day for each day necessarily consumed in attending such meeting, and mileage at the rate of 7½ cents per mile for each mile necessarily traveled in going from his home to and returning from the county seat, to be computed by the usually traveled route, and paid out of the county treasury upon the warrant of the county auditor. (M.S. Sec. 273.03, Subd. 1)

The sections of law relating to appointment and compensation of assessors quoted here apply generally. Special laws govern in some townships and municipalities. For information about any special law that might apply to his district, the assessor should consult his county assessing officer or county attorney. If the assessor serves a municipality employing an attorney, his inquiry should be directed to this official.

Oath and Bond

Because of the nature of the position he holds, the assessor is in every instance placed under bond, vested with the necessary authority to carry out his duties, and subjected to formal procedure in the completion of his work and obtaining compensation therefor. The following are the statutory provisions with reference to the bond and oath.

All assessors are required to take an oath of office and to file with the county auditor their bond to the state.

Every person appointed to the position of assessor, within ten days after receiving a notice of his appointment, shall take the oath required by law. If taken before the town clerk or a justice of the peace, such oath shall be administered without fee.

Before entering upon his duties, the person taking the oath shall file the same with the town clerk. Failure to file his oath and bond within the time required shall be deemed a refusal to serve.

Any assessor who begins the duties of his office before taking the oath required shall forfeit the sum of $50. (M.S. Sec. 367.25, Subd. 1, 2 and 3)

Every person appointed to the office of assessor must file with the county auditor his bond to the state. The bond must be filed at or before the time the assessor receives the assessment books and must be approved by the auditor in the sum of $500. (M.S. Sec. 273.05, Subd. 2)

TOWNSHIP AND CITY ASSESSORS' DUTIES

The duty of the duly appointed local assessor shall be to view and appraise the value of all property as provided by law, but all the book work shall be done by the county assessor or his assistants. (M.S. Sec. 273.061, Subd. 7)

The assessor shall perform his duties in the following manner. In 1976 and thereafter, he shall actually view, and estimate the market value of each tract or lot of real property listed for taxation, including the value of all improvements and structures thereon at maximum intervals of four years. (M.S. Sec. 273.08)

Depending upon the size of the city, the assessor may have additional duties.

In cities of the first class, (except in the case of Ramsey County) the city assessor has the powers and duties of the county assessor. In all other cities having a population of 30,000 persons or more, the powers and duties of the county assessor are vested in the city assessor while the county assessor retains supervisory duties. (M.S. Sec. 273.063)

THE COUNTY ASSESSOR

Appointment

Every county in this state shall have a county assessor. The county assessor shall be appointed by the board of county commissioners and shall be a resident of this state. His appointment shall be approved by the Commissioner of Revenue before the appointment becomes effective. (M.S. Sec. 273.061, Subd. 1)

Beginning January 1, 1973, the term of office for all county assessors will be four years. (M.S. Sec. 273.061, Subd. 2)

Oath and Bond

Every county assessor shall take and subscribe the oath required of public officials, and shall give bond to the state in the form required by statute and in the amount determined by the board of county commissioners. This must be done before the county assessor begins the duties of his office. (M.S. Sec. 273.061, Subd. 3)

Vacancies

When any vacancy in the office of county assessor occurs, the board of county commissioners, within 30 days thereafter, shall fill the same by appointment for the remainder of the term. In the event of a vacancy in the office of county assessor, through death, resignation or other reasons, the deputy (or chief deputy, if more than one) shall perform the functions of the office. If there is no deputy, the county auditor shall designate a person to perform the duties of the office until an appointment is made by the board of county commissioners. Such person shall perform the duties of the office for a period not exceeding 30 days during which the county board must appoint a county assessor. Such 30 day period may, however, be extended by written approval of the Commissioner of Revenue. (M.S. Sec. 273.061, Subd. 2)

Reappointment

The term of the county assessor may be terminated by the board of county commissioners at any time, on charges of inefficiency or neglect of his duty by the Commissioner of Revenue. If the board of county commissioners does not intend to reappoint a county assessor who has been certified by the board of assessors, the board shall present written notice to the county assessor not later than 90 days prior to the termination of his term, if it does not intend to reappoint him. If written notice is not timely made to the county assessor, he will automatically be reapapointed by the board of county commissioners. (M.S. Sec. 273.061, Subd. 2)

Compensation

The salaries of the county assessor and his assistants and clerical help shall be fixed by the board of county commissioners and shall be payable in monthly installments out of the general revenue fund of the county. In counties with a population of less than 50,000 inhabitants, according to the then last preceding federal census, the board of county commissioners shall not fix the salary of the county assessor at an amount below the following schedule:

In counties with a population of less than 6,500, $5,900;

In counties with a population of 6,500 but less than 12,000, $6,200;

In counties with a population of 12,000 but less than 16,000, $6,500;

In counties with a population of 16,000 but less than 21,000, $6,700;

In counties with a population of 21,000 but less than 30,000, $6,900;

In counties with a population of 30,000 but less than 39,500, $7,100;

In counties with a population of 39,500 but less than 50,000, $7,300;

In counties with a population of 50,000 or more, $8,300.

In addition to their salaries, the county assessor and his assistants shall be allowed their expenses for reasonable and necessary travel in the performance of their duties, including necessary travel, lodging and meal expense incurred by them while attending meetings of instructions or official hearings called by the Commissioner of Revenue. These expenses shall be payable out of the general revenue fund of the county, and shall be allowed on the same basis as such expenses are allowed to other county officers. (M.S. Sec. 273.061, Subd. 6)

As is the case with the other assessors, when the county assessor or his deputies attend training courses approved by the state, the state may pay the tuition for the courses. (M.S. Sec. 273.075)

COUNTY ASSESSORS' DUTIES

The county assessor may employ whatever help he deems necessary to perform the duties of the office, subject to the approval of the county board of commissioners. (M.S. Sec. 273.061, Subd. 4)

The board of county commissioners is required to provide the county assessor and his assistants with suitable office space and to provide whatever supplies are necessary to fulfill the duties of the office. (M.S. Sec. 273.061, Subd. 5)

The county assessor's duties, both specific and general, are to be found in M.S. Sec. 273.061, Subd. 8 and 9.

The county assessor has the following powers and duties:

1. He is to call upon and confer with the township and city assessors in his county and advise and give them the necessary instructions and directions as to their duties under the laws of this state to the end that a uniform assessment of all real property in the county will be attained.
2. He is to assist and instruct the local assessors in the preparation and proper use of land maps and record cards, in the property classification of real and personal property, and in the determination of proper standards of value.
3. He is to keep the local assessors in his county advised of all changes in assessment laws and all instructions which he receives from the Commissioner of Revenue relating to their duties.
4. He is to attend all county seat instructional meetings of the local assessors of his county called by the Commissioner of Revenue and shall assist the representatives of the commissioner in conducting those meetings.
5. He has the authority to require the attendance of groups of local assessors at sectional meetings called by him for the purpose of giving them further assistance and instruction as to their duties.
6. He is to prepare a large scale topographical land map of the county, in such form as may be prescribed by the Commissioner of Revenue, showing thereon the location of all railroads, highways and roads, bridges, rivers and lakes, swamp areas, wooded tracts, stony ridges and other ridges and other features which might affect the value of the land. Appropriate symbols shall be used to indicate the best, the fair and the poor land of the county. For use in connection with the topographical land map, he is to prepare and keep available in his office tables showing fair average minimum and maximum market values per acre of cultivated, meadow, pasture, cutover, timber and waste lands of each township. He is to keep the map and tables available in his office for the guidance of town assessors, boards of review and the county board of equalization.
7. He is to also prepare and keep available in his office for the guidance of town assessors, boards of review and the county board of equalization, a land valuation map of the county, in such form as may be prescribed by the Commissioner of Revenue. This map, which should include the bordering tier of townships of each county adjoining, is to show the average market value per acre, both with and without improvements, as finally equalized in the last assessment of real estate, of all land in each town or unorganized township which lies outside the corporate limits of cities.
8. He is to regularly examine all conveyances of land outside the corporate limits of cities of the first and second class, filed with the register of deeds of his county, and keep a file, by descriptions, of the considerations shown thereon. From the information obtained by comparing the considerations shown with the market values assessed, he is to make recommendations to the county board of equalization of necessary changes in individual assessments or aggregate valuations.
9. While the county board of equalization is in session, he is required to give it every possible assistance to enable it to perform its duties. He is to furnish the board with all necessary charts, tables, comparisons and data which it requires in its deliberations and make whatever investigations the board may desire.
10. He is responsible for the assessment of all personal property in his county which has not been specifically exempted by law except in cities of the first class or cities with a population in excess of 30,000 which employ their own assessors.
11. At the request of either the board of county commissioners or the Commissioner of Revenue, he is to investigate applications for reductions of valuation and abatements and settlements of taxes, examine the real or personal property involved, and submit written reports and recommendations with respect to the applications, in such form as may be prescribed by the board of county commissioners and Commissioner of Revenue.
12. He is to search each year for real and personal property which has been omitted from assessment in his county, and report all such omissions to the county auditor.
13. He should render such other services pertaining to the assessment of real and personal property in his county as are not inconsistent with the duties set forth in this section and as may be required of him by the board of county commissioners or by the Commissioner of Revenue.
14. He is to make all assessments, based upon the appraised values reported to him by the local assessors or his assistants and his own knowledge of the value of the property assessed.
15. He is to personally view and determine the value of any property which because of its type or character may be difficult for the local assessor to appraise.

16. He is to make all changes ordered by the local boards of review, relative to the assessed value of the property of any individual, firm or corporation after notice has been given and hearings held as provided by law.
17. He is to enter all assessments in the assessment books, furnished him by the county auditor, with each book and the tabular statements for each book in correct balance.
18. He is to prepare all assessment cards, charts, maps and any other forms prescribed by the Commissioner of Revenue.
19. He is to attend the meeting of the county board of equalization; to investigate and report on any assessment ordered by said board; to enter all changes made by said board in the assessment books and prepare the abstract of assessments for the Commissioner of Revenue; to enter all changes made by the state board of equalization in the assessment books; to deduct all exemptions authorized by law from each assessment and certify to the county auditor the taxable value of each parcel of land, as described and listed in the assessment books by the county auditor, and the taxable value of the personal property of each person, firm or corporation assessed.
20. He is to investigate and make recommendations relative to all applications for the abatement of taxes or applications for the reduction of the assessed valuation of any property.
21. He is to perform all other duties relating to the assessment of property for the purposes of taxation which may be required of him by the Commissioner of Revenue.

DIVISION OF DUTIES BETWEEN LOCAL AND COUNTY ASSESSOR

The duty of the duly appointed local assessor shall be to view and appraise the value of all property as provided by law, but all the book work shall be done by the county assessor, or his assistants, and the value of all property subject to assessment and taxation shall be determined by the county assessor except as stated in M.S. Sec. 273.061, Subd. 8 and 9 which relates to the powers and duties of the county assessor. (M.S. Sec. 273.061, Subd. 7)

ADDITIONAL SPECIFIC DUTIES OF COUNTY ASSESSOR

The county assessor shall notify the county auditor when qualified property, as defined in section 273.011, for which the credit provided for in section 273.012 (Special Property Tax [Freeze] Credit) is claimed loses its status as qualified property. (M.S. Sec. 273.061, Subd. 11) Also see: Special Property Tax (Freeze) Credit. (Chapter VIII — Supplementary Information)

ASSESSOR IN UNORGANIZED TERRITORY

In counties having unorganized territory divided into one or more assessment districts, the board of county commissioners may appoint the county assessor for all such districts. In such case, the assessor shall receive no compensation for performing the duties of assessor. He shall, however, be allowed his expenses for reasonable and necessary travel in the performance of his duties. Such expenses are payable out of the general revenue fund of the county. (M.S. Sec. 273.061, Subd. 10)

The county board of any county, any part of which is not organized into towns, shall, at its meeting in January, in each year, divide such unorganized territory into one or more assessment and road districts and appoint a qualified person residing therein as assessor for each district and another as overseer of roads therein, each of whom shall possess the powers and perform the duties of a town assessor and town overseer of roads, respectively. Each shall hold his office for the term of one year. The compensation of any such assessor shall be fixed by the county board, not exceeding $6 per day; provided, that the county board at its annual meeting may fix the compensation of the assessor on an annual basis, but such compensation when so fixed shall not exceed $400 and shall not be less than $75.00 in any one year and, in addition to the per diem or compensation fixed on an annual basis, the county board is authorized in its discretion to allow the assessor mileage at the rate of five cents per mile for each mile necessarily traveled in his assessment work. (M.S. Sec. 375.23)

JOINT ASSESSMENT OF TWO OR MORE DISTRICTS BY ONE ASSESSOR

The governing bodies of cities or townships may enter into agreement whereby two or more assessment districts are assessed by one assessor. The governing body of any assessment district wholly within the county may enter into an agreement with the county to have the assessment made by the county assessing officer. Authority for such consolidation of assessment functions is found in Minnesota Statutes Section 273.072:

Any county and any city or town lying wholly within the county and constituting a separate assessment district may, by agreement entered into under Section 471.59 and approved by the Commissioner of Revenue, provide for the assessment of property in the municipality or town by the county assessor. Any two or more cities or towns constituting separate assessment districts may enter into an agreement under Section 471.59 for the assessment of property in the contracting units by the assessor of one of the units or by an assessor who is jointly employed.

The agreement may provide for the abolition of the office of local assessor in any contracting unit when the assessment of property within it is to be made under the agreement by another assessor. In such case, the office

of assessor in that unit shall cease to exist upon the date fixed in the agreement.

When the agreement provides for joint employment of an assessor, he shall be appointed and removed in a manner and shall hold office for such term as is provided in the agreement.

If the agreement is for an indefinite term, it may be terminated on six month's notice by either party. Upon the termination of the agreement, any office of assessor abolished as a result of the agreement shall be automatically re-established and shall be filled as provided by applicable law or charter.

Any amount paid to the county for personal services of the county assessor under such an agreement shall be paid into the general revenue fund of the county.

Agreements made under this section have no effect upon the powers and duties of local boards of review and equalization. (M.S. Sec. 273.072)

When an agreement is made between an assessment district and the county, approval by the Commissioner of Revenue is required. A form has been prepared by the Commissioner of Revenue for the convenience of boards entering into such an agreement.

When taxing districts enter into agreement between themselves for joint assessment, the following provisions should be covered in the agreement:

(1) A statement of the purpose of the agreement, the power to be exercised and the manner in which it is to be exercised.

(2) The office of assessor to be abolished.

(3) The term of the agreement unless an indefinite term is desired.

(4) The method of appointment to and removal from office of the assessor who is to make the assessment.

(5) The amounts to be paid in salaries and for expenses and the manner in which the funds are to be provided and paid.

(6) The disposition of any property acquired and the return of unexpended funds in proportion to contributions of contracting parties.

OPTIONAL COUNTY ASSESSOR [TRUE COUNTY ASSESSOR SYSTEM]

Any county in the state of Minnesota, notwithstanding any other provision of law to the contrary, is authorized and empowered to provide for the assessment of all taxable property in the county by the county assessor.

This section does not apply to Ramsey County nor to cities whose assessor has the powers of a county assessor. Nor does it apply to property which by law is assessed by the Commissioner of Revenue. (M.S. Sec. 273.052)

Any county electing in accordance with the above sections is authorized to appropriate sufficient money to defray the expenses of making a proper assessment of all property in the county. The county board shall by resolution authorize the county assessor to employ such additional deputies, clerks, fieldmen and appraisers as it may deem necessary for the proper performance of the duties of the office of the county assessor. (M.S. Sec. 273.053)

The election to provide for the assessment of all the property in the county by the county assessor shall be made by the board of county commissioners by resolution. Such resolution shall be effective at the second assessment date following the adoption of the resolution. The office of all township and city assessors shall be terminated 90 days before the assessment date at which the election becomes effective. If part of a taxing district is located in a county not electing to have the county assessor assess all property, the office of assessor will continue but shall apply only to such property in the non-electing county. (M.S. Sec. 273.055)

If after electing that the county assessor assess all the property in a county, the board of county commissioners shall determine that the interests of the county may be better served through valuation by local assessors, it may revoke the election. Such revocation may not be made within four years after the election. In the event of revocation, it shall be effective at the second assessment date following the revocation. The offices of all the township and city assessors shall then be filled as provided by charter or law 90 days before such effective date. (M.S. Sec. 273.056)

DEPUTY ASSESSORS

Any assessor who deems it necessary to enable him to complete the listing and valuation of the property of his town or district within the time prescribed, may, with the approval of the county auditor, appoint a person to act as his assistant or deputy. Each deputy so appointed, after giving bond and taking the required oath, shall perform, under the direction of the assessor, all the duties imposed upon assessors. (M.S. Sec. 273.06)

BOARD OF ASSESSORS

This law creates a Board of Assessors. The Board shall be for the purpose of establishing, conducting, reviewing, supervising, coordinating or approving courses in assessment practices and establishing criteria for determining assessor's qualifications. The Board shall also have authority and responsibility to consider other matters relating to assessment administration brought before it by the Commissioner of Revenue. The Board shall consist of nine members who are appointed by the Governor.

1. Two from the Department of Revenue,
2. Two county assessors,
3. Two assessors who aren't county assessors, one of whom shall be a township assessor,

4. One from the private appraisal field holding a professional appraisal designation,
5. Two public members

The appointment provided in 1, 2 and 3 above may be made from a list of not less than three names submitted to the Governor by the Commissioner of Revenue containing recommendations for appointees described in 1, the Minnesota Association of Assessing Officers or its successor organization containing recommendations for the appointment of appointees described in 2, and the Minnesota Association of Assessors, Inc. or its successor organization containing recommendations for the appointees described in 3. Recommendations for appointees should be made 30 days before the commencement of the term. In the case of vacancy, a new list shall be furnished to the Governor by the respective organization immediately. In the event any member of the Board shall no longer be engaged in the capacity listed above, he shall automatically be disqualified from membership in the Board.

The Board shall annually elect a chairman and a secretary of the Board. (M.S. Sec. 270.41)

The terms of the members shall be four years with the terms ending on the first Monday in January. The appointing authority shall appoint as nearly as possible one-fourth of the members to terms expiring each year. If the number of members isn't evenly divisible by four, the greater number of members, as necessary, shall be appointed to terms expiring in the year of commencement of the Governor's term and the year or years immediately thereafter. (M.S. Sec. 214.09, Subd. 2)

Members of the Board shall be compensated at the rate of $35 per day spent on Board activities plus expenses in the same manner and amount as received by state employees. Members who are full-time state employees or employees of the political subdivisions of the state shall not receive the $35 per day, but they shall suffer no loss in compensation or benefits from the state or a political subdivision as a result of their service on the Board. Members who are state employees or employees of the political subdivisions of the state may receive expenses unless the expenses are reimbursed by another source. (M.S. Sec. 214.09, Subd. 3)

The Board may establish reasonable fees or charges for courses, examinations or materials. All fees so established and collected shall be paid to the state treasurer for deposit in the general fund. The expenses of carrying out the provisions of the Board of Assessors shall be paid from appropriations made to the Board of Assessors. (M.S. Sec. 270.44 and M.S. Sec. 270.45)

The Board shall establish criteria required of assessing officials in the state. Separate criteria may be established depending upon the responsibilities of the assessor. The Board shall prepare and give examinations from time to time to determine whether assessing officials possess the necessary qualifications for performing the functions of his office. Such tests shall be given immediately upon completion of courses required by the Board, or to persons who already possess the requisite qualifications under the regulations of the Board. (M.S. Sec. 270.47)

LICENSURE OF ASSESSORS

The Board shall license persons as possessing the necessary qualifications of an assessing official. Different levels of licensure may be established as to classes of property which assessors may be certified to assess at the discretion of the Board. Every person, except a local or county assessor, regularly employed by the assessor to assist in making decisions regarding valuing and classifying property for assessment purposes shall be required to become licensed within three years of his date of employment or June 1, 1975, whichever is later. Licensure shall be required for local and county assessors as otherwise provided in sections 270.41 to 270.53. (M.S. Sec. 270.48)

Cities and townships with a population of less than 10,000 must certify by resolution to the Commissioner of Revenue prior to April 1, 1972 its intention to employ or continue to employ a certified assessor, either singly or jointly with one or more subdivisions and that they will bear the cost of any training courses on assessment practices which are necessary to attain such certification. The Commissioner of Revenue shall notify, by January 1, 1972, the governing body of each affected township, or city that they must file a certificate if they wish to maintain the assessing function. If the governing body of any township or city fails to make such certification with the Commissioner, the county assessor shall assume the assessment duties. Local assessment records, then, become the property of the appropriate county assessor. (M.S. Sec. 270.49)

Any township in this state and any city of the fourth class within a county whose population exceeds 650,000 which failed to certify by resolution to the Commissioner of Revenue its intention to employ or continue to employ a certified assessor on or before April 1, 1972, may if done prior to December 1, 1974, hire a certified assessor in which case the assessment function will be returned to the local assessor by the county assessor. (M.S.Sec. 270.493)

Commencing June 15, 1975, no assessor shall be employed who hasn't been licensed as qualified by the Board of Assessors, provided the time to comply may be extended after application to the Board upon a showing that licensed assessors aren't available for employment. The Board may license a county or local assessor who hasn't received the training, but possesses the necessary qualifications for performing the functions of his office by the passage of an approved examination or may waive the examination if such person has demonstrated competence in performing the functions of his office for a period of time the Board deems reasonable. The

county or local assessing district shall assume the cost of training its assessors in courses approved by the Board for the purpose of obtaining the assessors' license to the extent of course fees, mileage, meals, lodging and recognized travel expenses not paid by the state. If the governing body of any township or city fails to employ a licensed assessor, the assessment shall be made by the county assessor.

A township shall pay its assessor $20 for each day the assessor is attending approved courses or taking the examination. In addition, the township shall pay its assessor $10 for each approved course successfully completed and $20 upon his licensure. The maximum payable to an assessor for successful completion of courses and licensure shall not exceed $50.

Newly organized townships will be allowed adequate time to employ a licensed assessor. (M.S. Sec. 270.50)

All assessors previously accredited by the Commissioner of Revenue shall be considered as qualified and therefore automatically licensed assessors. (M.S. Sec. 270.51)

INSTRUCTIONAL COURSES FOR ASSESSORS AND DEPUTIES

Personnel employed as assessors or deputies of assessors may be enrolled in courses approved by the Commissioner of Revenue and have the tuition for such courses paid from state funds appropriated for the training of assessors. Such payments shall be made to the University of Minnesota or any other college or institution conducting an accredited course, provided that payment may only be made if the application is made by or approved by the taxing district or districts for which the assessor or deputy is employed and the Commissioner of Revenue. Two or more taxing districts may join together in enrolling assessors in approved courses. (M.S. Sec. 273.075)

CHAPTER II
EXEMPT PROPERTY

KINDS OF EXEMPT PROPERTY

All property, real and personal, in the state is taxable except such as is by law exempt. Exemption laws are to be construed strictly, not broadly. The assessor has an extremely important responsibility in extending exemption to property as he makes his assessment. Each property previously listed as exempt and any property claimed to be exempt are subject to his review and determination. Ownership, use and necessity of ownership are key elements in determining exemption.

The following property is exempt by statute: (M.S. Sec. 272.02, Subd. 1 and 2)

1. Public Burying Grounds — All public burying grounds are exempt even though the cemetery is owned by an association and operated for profit. The exemption applies only to lands currently used or acquired for current use. Also exempt are structures necessary in the operation of the cemetery.

2. Public School Houses — All property owned by the public and used for school purposes is exempt from taxation. However, property owned, leased or used by any public elementary or secondary school district for a home, residence or lodging house for any teacher, instructor or administrator and any property owned by any public school district which is leased to any person or organization for a nonpublic purpose for one year or more is not included in the exemption.

3. All Public Hospitals — Property owned and used by hospitals open to the general public and not operated for private profit is exempt from taxation. However, property owned or leased by, or loaned to, a hospital and used principally by such hospital as a recreational or rest area for employees, administrators or medical personnel is not exempt.

4. All Academies, Colleges and Universities and all Seminaries of Learning — All property owned and used for educational purposes by academies, colleges, universities and seminaries of learning is exempt from taxation, even though the institutions of learning may be privately owned and operated for profit. However, in order to have an institution receive tax exemption, the curriculum must parallel that of public education. Seminaries of learning have been distinguished from other organizations that are not exempt. For example, parochial schools and preparatory academies are exempt. Beauty operators' schools, barber colleges, dancing academies and riding schools are not exempt.

5. All Churches, Church Property and Houses of Worship — All churches and church property including personal property owned and used for chuch purposes are exempt. This includes the parsonage and all personal property therein if actually owned by the church organization and used by the priest or minister as his residence. Property used exclusively for parking purposes by members of the congregation attending church services is also exempt.

A general statement would be that church property including that of the parsonage is not exempt if it is rented out to private individuals or corporations or when the property is used for purposes other than those for which the church was established. The exemption applicable to churches does not apply to the property of a clergyman nor to any property owned by an individual and used for church purposes.

6. Institutions of Purely Public Charity — Property owned by institutions of purely public charity and used in the furtherance of the purposes of such institutions is exempt. "Purely public charity" is said to be one which is administered wholly or exclusively for the benefit of the public although the property devoted to such use need not be owned by the public.

Commercial and civic organizations, clubs,fraternities, fraternal and benevolent organizations and lodges, and veterans groups are not considered institutions of purely public charity and their property should be listed for taxation. Nursing homes, rest homes and drug and alcoholic treatment centers may be institutions of purely public charity if the institution is widely held, with no gain of any kind going to any members or officers, admission must be open to all persons without regard to race, religion or financial ability and support should not rest entirely on the patients' or guests' payment, but to a substantial extent on contributions.

7. All Public Property Exclusively Used for Any Public Purposes — This includes: All property, the title to which is in the government of the United States or the State of Minnesota or its agencies or instrumentalities and all property on Indian reservations owned by the tribe or individual members of the tribe is exempt if not leased, loaned or used in any way by an outside interest.

When property owned by the government of the United States or the State of Minnesota or its agencies or subdivisions is leased, loaned or otherwise made available to persons or corporations for use in connection with a business conducted for profit, the user is assessed for the property as if he were the owner. (Also see state owned property used for housing officers or employees.)

Property of certain federal agencies, such as national banks, is taxable upon the terms and to the extent prescribed by Congress.

All property, real and personal, the title to which is in a county, municipality or other political subdivision, is exempt if it is presently being used for a public purpose.

If the property is being rented out by the municipality, it is not entitled to exemption even though the proceeds derived therefrom are used for public purposes.

(a) Property owned by a county and used in connection with holding agricultural fairs is exempt, as is property owned by a county or district agricultural society and used for holding fairs and exhibitions.

(b) All property of libraries is exempt provided such libraries are administered wholly and exclusively for the benefit of the public — public use and not ownership being the test.

(c) With a few exceptions all property connected with city and town halls is exempt even though a part of the hall is used for private offices or the whole is used occasionally for entertainment.

(d) Property of municipal light and water plants is exempt from taxation, unless it is leased to private individuals or companies.

(e) Publicly owned golf courses operated for the benefit of the public are exempt even though fees are charged. Municipal property leased to an individual for use as a golf course is not exempt.

(f) Although municipally owned telephone systems are exempt it is no longer true that a parcel of real estate owned by a municipality and used partly for purposes of a telephone office and partly for income purposes is entirely exempt. Only the portion used for an exempt purpose is entitled to exemption.

(g) Municipal airports established under the provisions of the uniform airports act are exempt from taxation. Such exemption includes concessions in an airport owned by the municipality but leased to private persons for operation and uses consistent with the purposes of the airport. Privately owned hangars and other privately owned buildings used for airport purposes, located on the airport property, should be assessed as personal property in Class 4. When privately owned structures located on portions of airport property are leased for terms of three or more years the tract of land and structures thereon should be assessed as real property.

(h) Municipal property leased to the United States Post Office Department is not exempt, nor are municipally owned buildings used to store grain for the Department of Agriculture.

8. All natural cheese held in storage for aging by the original Minnesota manufacturer.

9. Class 2 property of every household of the value of $100 maintained in the principal place of residence of the owner thereof.

10. Farm machinery manufactured prior to 1930 which is used only for display purposes as collectors items.

11. The taxpayers shall be exempted with respect to, all agricultural products, inventories, stocks or merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in Section 272.03, Subdivision 1 (c) (this is the third paragraph in the definition of real property)*, except personal property which is part of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures.

12. Containers of a kind customarily in the possesion of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32.

13. All livestock, poultry, horses, mules and other animals used exclusively for agricultural purposes.

14. All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

15. Real and personal property used primarily for the abatement and control of air, water or land pollution to the extent that it is so used. Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air water or land pollution shall file an application with the Commissioner of Revenue. Any such equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the Commissioner furnish information or advice to the Commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

EXEMPTION OF PROPERTY USED PRIMARILY FOR THE ABATEMENT AND CONTROL OF AIR, WATER OR LAND POLLUTION

Any taxpayer requesting exemption of all or a portion of any equipment or device operated primarily for the

*Section 272.03, Subdivision 1 (c) states: "The term real property shall not include tools, implements, machinery and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment."

control or abatement of air, land and water pollution must file an application with the Commissioner of Revenue. The application forms, "Request For Exemption Of Tax On Property Used For Control Of Air, Land And Water Pollution," can be obtained from the Property Equalization Division, Centennial Office Building, St. Paul, Minnesota 55145. The phone number is 612-296-5131.

After the taxpayer has completed the application form, he mails copies of it to the Commissioner of Revenue. The Commissioner of Revenue refers all applications to the Minnesota Pollution Control Agency. Any equipment or device must meet standards prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit issued by that agency. The Minnesota Pollution Control Agency makes recommendations to the Commissioner relating to the exemption of all or a portion of any equipment or device.

When the Commissioner determines that property qualifies for exemption, he issues an order exempting such property from taxation. Any such equipment or device will continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

Requests for exemptions apply only to property constructed or installed after June 1, 1967. The amendment allowing property used primarily for the abatement and control of land pollution to be exempt became effective beginning with January 1, 1971.

FILING REQUIREMENT

Beginning with the 1976 assessment and thereafter, a taxpayer claiming an exemption from taxation on property described in Section 272.02 (Exempt Property) except churches and houses of worship and property solely used for educational purposes by academies, colleges, universities or seminaries of learning and property owned by the State of Minnesota or any political subdivision must file a statement of exemption with the assessor of the assessment district in which the property is located on or before February 15 of each year for which the taxpayer claims an exemption. The assessor may extend the time for filing the statement of exemption for a period not to exceed 60 days in case of sickness, absence or other disability or when in his judgment a good cause exists.

Upon the written request of the assessor, the taxpayer filing a statement of exemption shall make available to the assessor all books and records relating to the ownership or use of property which are reasonably necessary to verify that the property qualifies for exemption.

During each of the three years following the year in which a taxpayer files a statement of exemption, no statement of exemption is required unless the property was listed and assessed as taxable property in the preceding year.

No property whose owner is subject to the requirement of filing a statement of exemption shall be exempt from taxation if the taxpayer claiming the exemption knowingly violates any of the provisions of this Section. (M.S. Sec. 272.025)

Property owners should file their statements of exemption on Commissioner of Revenue Form PE 75 entitled Statement Of Owner Of Real Estate Claimed To Be Exempt From Taxation. Such forms are supplied by the county assessor.

STATE OWNED PROPERTY USED FOR HOUSING OFFICERS OR EMPLOYEES

Any real property or portion of it that is owned and controlled by the State of Minnesota, or by any of its departments, agencies or institutions which is regularly used as living places for any employee of the state is subject to assessment and taxation in the same manner as any other privately owned property beginning with the 1975 assessment. (M.S. Sec. 272.011)

PROPERTY OF VOLUNTEER FIRE DEPARTMENTS

Exemption is allowed property of a volunteer fire department used exclusively for fire defense purposes.

The property of any volunteer fire department used exclusively for the prevention of and protection from fire to the property of the community is declared to be public property used for essential public and governmental purposes, and such property of the volunteer fire department shall be exempt from all taxes and special assessments of the city, county, state or any political subdivision thereof. (M.S. Sec. 272.021)

LISTING EXEMPT PROPERTY

In every sixth year commencing with the year 1926, the county auditor must enter, in a separate place in the real property assessment books, the description of each tract of real property exempt by law from taxation along with the name of the owner. The assessor is required to value and assess the exempt property in the same manner that other real property is valued and assessed. The assessor must also designate in each case the purpose for which the property is used. (M.S. Sec. 273.18)

In making the assessments, the assessor should be prepared to enter the market value of land and structures against each description of exempt property appearing in the assessment book. If any description listed as exempt should be found to be no longer entitled to exemption from taxation, the fact should be called to the attention of the county auditor and the description entered on the tax rolls.

A partial exemption may be extended to a property owned by a qualifying institution and used in part for its purposes. When a building is owned by a charitable or other tax-exempt institution and one substantial part thereof is directly, actually and exclusively occupied by

such institution for the purposes for which it was organized and another substantial portion thereof is primarily used for revenue by rental to the general public, such building with the grounds thereof is pro rata exempt from taxation and pro rata taxable according to its separate uses. It should be assessed and taxed on that portion of its proper assessable value allocated to the taxable use, after deducting from its over-all assessable value the portion thereof properly allocated to the proportionate tax-exempt use.

Certain kinds of property subject to special taxes in lieu of the general property tax do not need to be listed and valued as exempt real property. Operating property of railroads, telephone and telegraph companies, lands subject to the tree growth or auxiliary forest taxes and wetlands, for example, need not be listed by assessors.

If an assessor is in doubt as to the taxable status of property of any institution or organization or even of the county or any political subdivision, he should place the property upon the tax roll and the owner thereof may then file an application directed to the board of county commissioners and to the Commissioner of Revenue requesting that the property be placed upon the exempt rolls. In the case of cemetery associations, hospitals, seminaries of learning, churches and charitable institutions, the application should be accompanied by a copy of the articles of incorporation of the institution or organization. In these kinds of cases the assessor should also require the owner to complete Commissioner of Revenue Form PE 75 entitled Statement of Owner Of Real Estate Claimed To Be Exempt From Taxation. The matter can then be investigated properly and the application either accepted or rejected.

PROPERTY NO LONGER TAX EXEMPT

Tax exempt property on January 2 of any year which loses its exempt status, due to sale or other reason, prior to October 1 of any year, will be placed on the current assessment rolls as of January 2 in the year in which it loses such status. The market value is estimated with respect to its value on January 2 of the same year. If the new owner has not used the property by October 1 of such year, the county assessor must classify the property based upon all relevant facts about its intended use. (M.S. Sec. 272.02, Subd. 4)

When a residence that is tax exempt on January 2 is sold prior to October 1 of the same year and the new owner occupies the residence before October 1 of such year, such property should be classified as a homestead.

CHAPTER III

THE ASSESSMENT OF REAL PROPERTY

REAL PROPERTY DEFINED

For the purposes of taxation:

A. "Real property" includes the land itself and all buildings, structures, and improvements or other fixtures on it, and all rights and privileges belonging or appertaining to it, and all mines, minerals, quarries, fossils and trees on or under it.

B. A building or structure shall include the building or structure itself, together with all improvements or fixtures annexed to the building or structure, which are integrated with and of permanent benefit to the building or structure, regardless of the present use of the building and which cannot be removed without substantial damage to itself or to the building or structure.

C. The term real property shall not include tools, implements, machinery and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment.

The exclusion provided in C above shall not apply to machinery and equipment includable as real estate by A and B above even though such machinery and equipment is used in the business or production activity conducted on the real property if and to the extent such business or production activity consists of furnishing services or products to other buildings or structures which are subject to taxation. (M.S. Sec. 272.03, Subd. 1)

LISTING AND ASSESSMENT OF REAL PROPERTY

All real property subject to taxation shall be listed and at least one fourth of the parcels listed shall be appraised each year with reference to their value on January 2 of that year so that each parcel shall be reappraised at maximum intervals of four years. All real property becoming taxable in any year shall be listed with reference to its value on January 2 of that year. Except for the corrections permitted herein, all real property assessments shall be completed two weeks prior to the date scheduled for the local board of review or equalization and no valuations entered thereafter shall be of any force and effect. In the event a valuation and classification is not placed on any real property by the dates scheduled for the local board of review or equalization, the valuation and classification determined in the preceding assessment shall be continued in effect and the provisions of section 273.13 (Classification of Property) shall, in such case, not be applicable, except with respect to real property which has been constructed since the previous assessment. The county assessor or any assessor in any city of the first class may either before or after the dates specified herein correct any errors in valuation of any parcels of property, that may have been incurred in the assessment, provided that in the case of such correction it increases the valuation of any parcel of property, the assessor shall notify the owner of record or the person to whom the tax statement is mailed. Not more than two percent of the total number of parcels in his jurisdiction may be corrected after the dates specified herein and in the event of any corrections in excess of the authorized number of such corrections, all corrections shall be void. Real property containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by the state after January 2 in any year, be subject to assessment for that year on the value of any iron ore removed under said lease prior to January 2 of the following year. (M.S. Sec. 273.01)

All parcels of real property not exempt, even though their value may be nominal, are to be assessed. Each parcel must be assessed for its value on the assessment date of record which is January 2. The condition of any building or improvement on that date is to be considered and governs rather than their degree of repair, completion or destruction on some other date.

In every year, on January 2, the assessor shall also assess all real property that may have become subject to taxation since the last previous assessment, including all real property platted since the last real property assessment, and all buildings or other structures of any kind, whether completed or in process of construction, of over $1,000 in value, the value of which has not been previously added to or included in the valuation of the land on which they have been erected. The newly constructed property is to be initially valued at the average limited market value for its respective class of property in its assessment district if the assessor's market value exceeds the limited value established for that class of property by more than 10 percent. Such assessments should be increased to market value in annual increments in the same way that other property under limited values (10 percent or 25 percent limitations) is increased until such time as the property is reassessed.

The classification of real property must be done each year when the use of land has changed or where land has been incorrectly classified in a previous assessment. The classification of real property as "homestead" and "non-homestead" must also be done each year. Where buildings, structures or other improvements to land have been destroyed by fire, flood or removed from a description and the value of the property affected is

over $100 in estimated market value, the decrease in value must be reflected in valuing such property each year. (M.S. Sec. 273.17, Subd. 1)

Buildings, structures and improvements under construction, the value of which amounts to over $1,000, are valued according to the extent completed on January 2. Where buildings have been under construction for more than a year, there will be a previous partial value to be considered. The assessor must estimate the percentage and value of the construction that has taken place during the year and add it to the assessment if its value amounts to over $1,000.

Remodeling of existing buildings presents some problems. Where such improvements enhance the value of real property by more than $1,000 in estimated market value, the additional value should be entered in the assessment each year.

Many questions arise with regard to the distinction between ordinary repairs, additions and improvements. Most repairs are regarded as merely maintaining structural values, but there are instances of extensive additions and improvements that actually result in a substantial increase in the value of the property. Repairs are changes or expenditures to restore to a new or useable condition those items of construction which are worn out because of deterioration. For example, repairing a roof or furnace or painting an interior or an exterior is necessary maintenance and should not be considered as value added to the property. An addition is part of a building added to the original structure such as a wing. Additions include entirely new units and extensions, expansions and enlargements of existing buildings. Improvements, broadly, are buildings, permanent structures or developments located upon or attached to land. Additions or improvements add value to land and must be reflected in each years assessment if the increased estimated market value is over $1,000 and the addition or improvement is added after January 2 of the previous years assessment and prior to January 2 of the present years assessment.

PROCEDURE REQUIRED IN ASSESSMENT OF REAL PROPERTY

The assessor shall perform his duties in the following manner. In 1976 and thereafter, he shall actually view, and estimate the market value of each tract or lot of real property listed for taxation, including the value of all improvements and structures thereon at maximum intervals of four years. (M.S. Sec. 273.08)

Assessors are specifically required by law to actually view each tract of real property and to appraise its market value. The importance of this requirement cannot be emphasized too strongly. Property values change continuously with changing economic conditions. In addition to market changes are the numerous physical changes in land and its improvements, such as drainage and clearing of land, improvement with public streets and utilities, and the addition or improvement of buildings. All should be accounted for in assessment. This cannot be done without field inspecttion of all real property subject to assessment.

ASSESSOR MAY ENTER BUILDINGS

Any officer authorized by law to assess property for taxation may, when necessary to the proper performance of his duties, enter any dwelling, house, building, or structure and view the same and the property therein. (M.S. Sec. 273.20)

This authority should be used tactfully. The following suggestions are made in the light of numerous experiences of assessors:

1. Never enter a house without introducing yourself and making known your errand.
2. Do not open closed doors to rooms of a house without obtaining the owner's permission.
3. Do not open cupboards, closets, iceboxes or the drawers of desks, bureaus, or cabinets.
4. In muddy weather remove rubbers or overshoes outside of a house before entering.
5. Be brief and businesslike.

VALUATION OF PROPERTY

All property shall be valued at its market value. In estimating such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall he 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 he shall value each article or description of property by itself, and at such sum or price as he believes the same to be fairly worth in money. (M.S. Sec. 273.11, Subd. 1)

ESTIMATION OF MARKET VALUE

"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 private sale and not at forced or auction sale. (M.S. Sec. 272.03, Subd. 8)

The assessor should estimate the market value of real property using sound appraisal methods. Every element and factor affecting market value should be considered and given due weight by the assessor. It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to lands which are comparable in character, quality, and location, to the end that all lands similarly located and improved will be assessed upon a uniform basis and without discrimination and, for agricultural lands, to consider and give recognition to its earning potential as measured by its free market rental rate. (M.S. Sec. 273.12)

"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 men acquainted with the lands, their adaptability for use, and the circumstances of the surrounding community."*** (State v. Fritch, 175 Minn. 478, 221 N.W. 725).

LIMITATION OF VALUE

The assessor after determining the market value of any property compares the value with that determined in the preceding assessment. The amount of the increase entered in the current assessment must not exceed ten percent of the value in the preceding assessment or one fourth of the total amount of the increase in valuation whichever is greater. The excess must be entered in a subsequent year or years. However, no increase shall be greater than ten percent of the preceding valuation or one fourth of the total amount of increase in valuation, whichever is greater. (M.S. Sec. 273.11, Subd. 2a)

Beginning with the 1976 assessment all residential, agricultural and seasonal recreational property which wasn't subject to the 5 percent limitation for the 1973 or 1974 assessment, due to sale of property, or new construction, is to be valued at the average limited market value for its respective class of property in its assessment district if the assessor's market value exceeds the limited market value established for that class of property in that taxing district by more than 10 percent. The value of such property is to be increased subject to the 10 percent or 25 percent limitations in subsequent years in the same way all other property is assessed. (M.S. Sec. 273.11, Subd. 2b)

Local boards of review, county boards of equalization, the state board of equalization and the Commissioner of Revenue are subject to the same limitations on any increases in the valuation of real property as assessors are. Any increases by these boards must be added to the previous valuation in the same annual increments that govern increases in valuation made by the assessor. (M.S. Sec. 273.11, Subd. 5)

VALUATION OF REAL PROPERTY, NOTICE

The county assessor or city assessor having the powers of a county assessor, valuing taxable real property shall in each year notify those persons whose property is to be assessed that year if the person's address is known to the assessor, otherwise the occupant of the property. The notice shall be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of review or equalization. It shall contain the amount of the valuation in terms of market value, the assessor's office address and the dates, places and times set for the meetings of the local board of review or equalization and the county board of equalization. If such valuation is limited, the notice shall also contain the limited value and an explanation, in terms prescribed by the Commissioner, of the annual increase in the assessed valuation. If the assessment roll is not complete, the notice must be sent by ordinary mail at least ten days prior to the date on which the board of review has adjourned. The assessor must attach to the assessment roll a statement that the notices required by this section have been mailed. Any assessor who is not provided sufficient funds from his governing body to provide such notices, may make application to the Commissioner of Revenue to finance the notices. The Commissioner of Revenue shall conduct an investigation and if he is satisfied that the assessor does not have the necessary funds, issue his certification to the Commissioner of Finance of the amount necessary to provide such notices. The Commissioner of Finance shall issue a warrant for such amount and then deduct this amount from any state payment to such county or municipality. Failure to receive the notice shall in no way affect validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means. (M.S. Sec. 273.121)

LAND ABBUTING BODIES OF WATER (RIPARIAN RIGHTS)

Real property next to lakes or rivers includes riparian rights, which relate to the land under water or inside the high water mark. When a lake is public (navigable), riparian rights extend to the land between the highwater and the low water marks. Ownership of this land goes with the shoreland and is not absolute but subject to certain public rights. When land abuts on a private (non-navigable) lake, the riparian rights are ownership to the middle of the lake.

In either case, the assessor should consider the value of these rights. Where a private lake has been drained or has dried up, the value of the additional land should be included in the assessment of the described parcel to which the lake bed attaches.

LESSEES AND EQUITABLE OWNERS

Property held under lease for a term of three or more years, and not taxable under Section 272.01, Subdivision 2, (property exempt leased to a private individual, association or corporation in connection with a business conducted for profit) or under contract for the purchase thereof, when the property belongs to the state, or to any religious, scientific, or benevolent society or institution, incorporated or unincorporated, or to any railroad company or other corporation whose property is not taxed in the same manner as other property, or when the property is school or other state lands, shall be considered, for all purposes of taxation, as the property of the person so holding the same. This shall not apply to any property owned by a seaway port authority which is exempt from taxation. (M.S. Sec. 273.19, Subd. 1 and 2)

There are several provisions in law which, under certain circumstances, permit assessment of land owned by the state, its agencies, or by corporations otherwise entitled to exemption. The assessor may avoid confusion if he will consider first if the property is taxable by reason of its failure to qualify for exemption. Property of churches, charitable corporations, and other exempt institutions otherwise entitled to exemption under the provisions of M.S. Sec. 272.02 loses its immunity if direct use for the purposes of the institutions and necessity of ownership for those purposes cannot be shown. Public property not used for a public purpose but leased to a person or corporation for private and commercial use is not likewise exempt even without the provisions of Section 273.19.

Exempt property owned by the state or federal government that cannot be assessed and taxed (by reason of Federal immunity or by reason of a lease less than 3 years of state owned property) may come under the purview of M.S. Sec. 272.01, Subd. 2 if it is made available to a person or corporation for use for private gain. Assessment under this law is not an assessment of the property but of the person using the same.

When a property owned by the state or its agencies is leased for a term of three or more years or is sold under a purchase contract it "shall be considered for all purposes of taxation," as the property of the lessee. Property subject to assessment under this provision (Sec. 273.19) is not subject to the users tax (M.S. Sec. 272.01, Subd. 2) because it is not exempt (by reason of 273.19). It may, however, also be taxable under the general property tax law for failing to meet requirements for exemption. State owned property which may be held for a public purpose becomes assessable when leased for a term of three or more years. The assessment of the property should be made as if the lessee were the owner. In other words the appraisal and assessment of the real property leased should be the same as it would be if it were privately owned. The name of the lessee as lessee and his address should be entered opposite the description of the leased land in the real estate assessment book.

Privately owned buildings on state owned lands leased for terms of three years or more should be assessed as part of the real estate in the name of the lessee. There are few exceptions where assessors are authorized to assess buildings as personal property. Privately owned buildings on railway land, on public land leased for less than three years, and on land owned by the United States are treated as personal property.

MINERAL, GAS, COAL AND OIL OWNED APART FROM LAND; SPACE ABOVE AND BELOW SURFACE

When any mineral, gas, coal, oil or other similar interests in real property are owned separately and apart from and independently of the rights and interests owned in the surface of such real property they may be assessed and taxed separately from the surface rights and interests. (Also see M.S. Sec. 273.13, Subd. 2a) They also may be sold for taxes in the same manner as other interests in real property are sold for taxes.

When the right to use the air space above or subsurface area below any real property is conveyed to someone besides the owner of the real property, such right constitutes a separate interest which may be assessed and taxed separately. All laws for the enforcement of taxes on real property applies to such rights.

When the right to use air space above or subsurface area below real estate is granted by a lease for a term of three or more years, by the state or an agency or subdivision thereof, by an institution whose property is exempt from taxation, or by a taxpayer whose property is not taxed in the same manner as other property, such right to use air space or subsurface area shall constitute an interest in real estate which may be assessed and taxed separately, notwithstanding any law to the contrary. All laws for the enforcement of taxes on real estate shall apply to such leased property. (M.S. Sec. 272.04, Subd. 1, 2 and 3)

When in a land transfer a mineral interest is retained by the vendor a division of the real property has taken place. Separate descriptions should be made and entered in the assessment roll by the county auditor; the part transferred being a tract description except the mineral interest and the part retained being the mineral rights in the tract described. Separate mineral interests, unless owned by the state or the United States, are not exempt and should therefore be assessed. Some mineral reservations (interests reserved) have little value, the reservation having been made by the vendor in consideration of a remote possibility of mineral discovery in the land. Such interests should nevertheless be assessed if only at a nominal value. The assessor should be alert, however, to inquire into the value of mineral interests where mineral formations are known to exist. Information about known minerals in any tract of land may be obtained from the Department of Revenue.

MINERAL AND TIMBER INTERESTS IN U.S. OR STATE LANDS

When lands are conveyed or transferred to the United States, to the State of Minnesota, or to any governmental subdivision of either, for any purpose and the owner reserves any right or interest in the timber upon or minerals in such land, such timber interest and any structure which the owner of such timber or mineral interest may erect on such land shall be assessed and taxed as real property, and such mineral interest shall be assessed and taxed as minerals, separately from the surface of the land, and these interests may be sold for taxes in the same manner and with the same effect as

other interests in real estate are sold for taxes. (M.S. Sec. 272.05)

In any year in which at least 1,000 tons of iron ore concentrate is not produced from any 40-acre tract or governmental lot containing taconite or iron sulphides, a tax may be assessed upon the taconite or iron sulfides therein, at the mill rate prevailing in the taxing district and spread against the assessed value of the taconite or iron sulphides, such assessed value to be determined in accordance with existing laws. The amount of the tax spread under authority of this section by reason of the taconite and iron sulphides in any tract of land shall not exceed $1.00 per acre. (M.S. Sec. 298.26)

In any year in which at least 1,000 tons of iron ore concentrate is not produced from any 40-acre tract or governmental lot containing semi-taconite, a tax may be assessed upon the semi-taconite therein at the mill rate prevailing in the taxing district and spread against the assessed value of the semi-taconite; such assessed value shall not exceed the greater of: (a) the assessed value specifically assigned to the semi-taconite material in said land in the assessment for the year 1958, or, (b) an amount sufficient to yield a tax of $1 per acre less the amount of any tax assessed against such land under the authority of Minnesota Statutes, Section 298.26. (M.S. Sec. 298.37)

DEDUCTIONS FOR ROADS AND DITCHES

The assessor is directed to consider among other elements and factors affecting the market value, the location of land with reference to roads and streets. The accessibility of land to a good road enhances its value. The volume of traffic accessible to a given location may influence its value for commercial use tremendously. While these influences are taken into account, the assessor must also allow for the reduction in acreage or area caused by the location of roads over a tract of land. When a public road is on a land easement, the acreage in the tract subject to this easement is not reduced. The assessor, in determining the value of the tract, however, should account for the area actually in public roads and base his assessment on the value of the remaining land. The same is true of land in county and judicial ditches. The land actually in the ditch should be excluded in determining the value of the parcel over which the ditch passes.

In some instances fee interest in land in public highways has been acquired and a new description of the remaining land has been listed by the county auditor in the assessment book. Here the acreage taken for highway purposes has been excluded from the parcel. The assessor in these instances includes all the land listed in determining its value. Assessors are urged to check carefully whether a parcel has been separated from the land in roads before making an acreage deduction in his computation.

LAND CONTAINING MINES OR QUARRIES

In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for at a fair, voluntary sale, for cash. (M.S. Sec. 273.11, Subd. 1)

PLATTED PROPERTY

In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three (3) years after final approval of said plat, whichever is shorter. When a lot is sold or construction begun, the assessed value of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. (M.S. Sec. 273.11, Subd. 1 and M.S. Sec. 273.12)

LEASEHOLD ESTATES

All property, or the use thereof, which is taxable under Sections 272.01, Subd. 2, or 273.19 shall be valued at the market value of such property and not at the value of the leasehold estate in such property, or at some lesser value than its market value. (M.S. Sec. 273.11, Subd. 1)

SWAMP OR MARSH LANDS RESERVED AS WILD LIFE PRESERVES

Upon application, approved by the county board and the commissioner of natural resources, any owner may be accorded a tax reduction upon such of his lands as are comprised mainly of swamp or marsh for a period of not less than 15 years, if he agrees by written easement to be filed with the county board to reserve such lands to the state for the purpose of development as wild life habitat and for public hunting for the full period designated for such tax reduction. The reduction in taxes shall be commensurate with the reduced value of the lands by virtue of the easements so conveyed.

For the purpose of this section, "swamp" or "marsh" lands shall mean only such lands as are not capable of producing merchantable timber or other marketable forest products. (M.S. Sec. 272.59, Subd. 1 and 2)

Assessors must ascertain that all of the provisions of this statute have been complied with and that a written easement is actually on file with the county board before making this assessment.

VALUE OF LAND AND IMPROVEMENTS LISTED SEPARATELY

In assessing any tract or lot of real property, the value of the land should be estimated and listed separately from the value of all structures and improvements upon such land. Then the aggregate of the two should be assessed against the tract or lot excluding the value of

crops growing upon cultivated land. (M.S. Sec. 273.11, Subd. 1)

In assessing any tract or lot of real estate in which iron ore is known to exist, the assessable value of the ore exclusive of the land in which it is located, and the assessable value of the land exclusive of the ore shall be estimated and set down separately and the aggregate of the two shall be assessed against the tract or lot. (M.S. Sec. 273.13, Subd. 2)

PROCEDURE ON OMITTED PROPERTY

The county auditor shall carefully examine the assessment books returned to him. If any property has been omitted, he shall enter the same upon the proper list, and forthwith notify the assessor making such omission, who shall immediately ascertain the value thereof and correct his original return. In case of the inability or neglect of the assessor to perform this duty, the auditor shall ascertain the value of such property and make the necessary corrections. (M.S. Sec. 274.08)

All assessors should be familiar with the provisions of the law dealing with omitted and undervalued property, M.S. Sec. 273.02. Personal or real property omitted from assessment in any year must be added for the years omitted, taxes computed for those years and added to the current tax list. This can not be done later than six years after the assessment date of the year of omission.

Real property assessments, which are undervalued by reason of omission of the value of buildings or real property erroneously classified as homestead should be corrected and taxes computed for addition to the current tax. Here, however, the correction can not be made after December first of the year following the year in which the erroneous assessment was made.

It is important that each assessor and county assessor watch for instances of erroneous homestead classification, omitted property and property undervalued by reason of omission of buildings that have occurred in the previous assessment and to notify the county auditor immediately upon discovery of any such instances. The assessing officers are in a far better position than the county auditor to discover such cases.

If any real or personal property be omitted in the assessment of any year or years, and the property thereby escaped taxation, or if any real property be undervalued by reason of failure to take into consideration the existence of buildings or improvements thereon, or be erroneously classified as a homestead, when such omission, undervaluation or erroneous classification is discovered the county auditor shall in the case of omitted property, enter such property on the assessment and tax books for the year or years omitted, and in the case of property undervalued by reason of failure to take into consideration the existence of buildings or improvements thereon, or property erroneously classified as a homestead, shall correct the valuation or classification thereof on the assessment and tax books; and he shall assess the property, and extend against the same on the tax list for the current year all arrearage of taxes properly accruing against it, including therein, in the case of personal property taxes, interest thereon at the rate of seven percent per annum from the time such taxes would have become delinquent, when the omission was caused by the failure of the owner to list the same. If any tax on any property liable to taxation is prevented from being collected for any year or years by reason of any erroneous proceedings, undervaluation by reason of failure to take into consideration the existence of buildings or improvements, erroneous classification as a homestead, or other cause, the amount of such tax which such property should have paid shall be added to the tax on such property for the current year.

Nothing shall authorize the county auditor to enter omitted property on the assessment and tax books more than six years after the assessment date of the year in which the property was originally assessed or should have been assessed and nothing shall authorize the county auditor to correct the valuation or classification of real property as herein provided more than one year after December 1 of the year in which the property was assessed or should have been assessed.

Nothing shall affect any rights in undervalued or erroneously classified property, acquired for value in good faith prior to the correction of the assessed value thereof by the county auditor as provided in this section. Any person whose rights are adversely affected by any action of the county auditor as provided in this subdivision may apply for a reduction of the assessed valuation under the provisions of section 270.07, relating to the powers of the Commissioner of Revenue. (M.S. Sec. 273.02, Subds. 1, 2 and 3)

NEGLECT OF DUTY — PENALTIES

The law provides severe penalties for tax officials who knowingly neglect their duty or who willfully obstruct the enforcement of the laws which they are sworn to put into execution, deliberately omit or exempt taxable property from the rolls, or undervalue it. The following provision covers acts by the county auditor and local assessor:

Every county auditor and every town or district assessor who in any case refuses or knowingly neglects to perform any duty enjoined on him by this chapter, or who consents to or connives at any evasion of its provisions whereby any proceeding required by this chapter is prevented or hindered, or whereby any property required to be listed for taxation is unlawfully exempted, or entered on the tax list at less than its market value, shall, for every such neglect, refusal, consent, or connivance, forfeit and pay to the state not less than $200, nor more than $1,000, to be recovered in any court of competent jurisdiction. (M.S. Sec. 273.21)

REAL PROPERTY ASSESSMENT METHOD

The county auditor, at the expense of the county, annually provides the necessary assessment books and blanks for each assessment district. The county auditor makes complete lists of all lands or lots subject to taxation in the real property assessment books showing the names of the owners opposite each description of property.

The assessors and at least one member of each local board of review meets on a day fixed by the Commissioner of Revenue for the purpose of receiving instructions as to their duties under the laws of the state. (M.S. Sec. 273.03, Subd. 1)

COUNTIES EMPLOYING ELECTRONIC DATA PROCESSING

Any county in this state which employs a county assessor who maintains in his office a unit card ledger system or similar system of real estate and the market and assessed valuations ascertained by him affecting such real estate, and which county has established an electronic data processing system or similar system to perform the processing of assessment and tax accounting, may discontinue the preparation of assessment books. The election to discontinue the preparation of assessment books shall be made by the county auditor with the written approval of the Commissioner of Revenue. (M.S. Sec. 273.03, Subd. 2)

In counties where the county auditor has elected to discontinue the preparation of assessment books, the county assessor shall record in a separate record all real property that may have become subject to taxation since the last previous assessment including all real property platted since the last assessment and all new construction of over $1,000 in value. Such record shall identify, by description or property identification number, or both, the real estate affected, the previous year's assessed valuations and the new market and assessed valuations, provided that if only property identification numbers are used they shall be such that shall permit positive identification of the real estate to which they apply. Such record shall further indicate the total amount of increase or decrease in the assessed values. The county assessor shall make return of such record to the county auditor who shall be the official custodian thereof. (M.S. Sec. 273.17, Subd. 2)

In counties employing electronic data processing, the county assessor shall prepare recapitulations in such form as is prescribed by the Commissioner of Revenue, of the total amount of market and assessed valuations by subdivisions of government within his county as of January 2 of each year. Such recapitulation shall be submitted to the county auditor on or before the fourth Monday of June and shall be verified by the assessor's affidavit. (M.S. Sec. 274.04, Subd. 2)

Upon receipt of the recapitulations of market and assessed valuations, the county auditor shall examine such recapitulations, and, if found in proper form, shall issue his certificate to the assessor, setting forth the fact that such recapitulations are comformable to the provisions of section 274.04, subdivision 2. (M.S. Sec. 274.05, Subd. 2)

CLASSIFICATION OF REAL PROPERTY

After each property has been appraised at its market value, the assessed value must be determined. This is done by applying the statutory percentages, as they appear in the Minnesota Classification Law (M.S. Sec. 273.13), to the estimated market value* of the differing classes of property. These classes are defined in the Supplementary Information section of this manual. The Minnesota Classification Law follows:

MINNESOTA CLASSIFICATION LAW
REAL PROPERTY

Class	Description	Percent of Market Value
1	Unmined Iron Ore	50
1A	"Low Recovery" Iron Ore	30 to 48½
1B	Severed Mineral Interests Tax	**
3	Agricultural Non-Homestead	33⅓
3	Seasonal Residential for Recreational Purposes	33⅓
	a. Commercial, but not used for more than 200 days per year (Example: resort)	
	b. Non-Commercial (Example: cabin)	
3	Tools, implements, and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products which are fixtures to real property	33⅓
3B	Agricultural Homestead	
	Homestead Base Value	20
	Excess of Market Value over Homestead Base Value	33⅓

Class	Description	Percent of Market Value
3C	Other Homestead***	
	Homestead Base Value	25
	Excess of Market Value over Homestead Base Value	40
3CC	Paraplegic Veterans', Blind and Permanently and Totally Disabled Persons' Homesteads	
	1st $24,000 of Market Value	5
	Excess of Market Value over $24,000 Agricultural	33⅓
	Excess of Market Value over $24,000 Other	40
3D	Non-Homestead Residential	40
	Examples:	
	a. Non-homestead single family dwellings, duplexes, triplexes, and apartments with 4 or more units that do not qualify as Title II National Housing or Type I or II apartments	
	b. Land of Title II National Housing or Type I or II apartments	
3E	Timber Land	20
4	All Other Real Property	43
	Examples:	
	a. Commercial, industrial (including petroleum refineries), and public utility land and buildings	
	b. Vacant land, not used for agricultural, commercial, industrial, public utility, recreational or residential purposes	
None	Parking Ramp Structures in First Class Cities with 400,000 or Less Population	
	1973 Assessment	30
	1975 Assessment	36
	1977 and Subsequent Assessments	43
None	Beginning with the 1975 Assessment, Type I and Type II Apartments	
	Five or more stories (structures only)	25
	Four or less stories (structures only)	33⅓
None	Housing for Elderly or for Low and Moderate Income Families Financed by Direct Federal Loan or Federally Insured Loan Pursuant to Title II of the National Housing Act or the Minnesota Housing Act	
	Municipalities of 10,000 or over population (structures only)	20
	Municipalities under 10,000 population (structures only)	5

*Statutory percentages are applied to limited market values while limitation of value concept is in effect.

**25c per acre annually (tax effective January 1, 1975). Each parcel is subject to minimum annual tax of $2.00.

***Townhouse property shall be classified and valued as all other homestead real property. Value is added for each unit's share of the developments common areas.

MAJOR CLASSES OF REAL PROPERTY

The major classes of real property are agricultural and non-agricultural, each of which is in turn affected by the homestead classification. Agricultural real property is assessed at 33⅓% and non-agricultural is assessed generally at 40% or 43% of market value. If agricultural property is classified as homestead, the homestead base value is assessed at 20%. If non-agricultural property is classified as homestead, the homestead base value is assessed at 25%. Any balance over the homestead base value is always treated as non-homestead whether the property is agricultural or non-agricultural.

DEFINITION OF AGRICULTURAL LAND

Agricultural land as used herein, and in section 273.132 (State Paid Agricultural Credit), shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes. (M.S. Sec. 273.13, Subd. 6)

"ALL OTHER" CLASSIFICATION

"All other" or Class 4 property comprises all property not specifically included in any other class and is assessed at 43% of its estimated market value.

DETERMINATION OF VARIOUS CLASSIFICATIONS

That a property is inside or outside the corporate limits of a city is immaterial to its classification. Subdivision of land into official plats does not by itself affect its classification. Whether property is described by metes and bounds or by lot and block numbers has no bearing on this question. The classification depends on other factors.

Use of real property is the primary factor in determining its classification. Use by the owner for homestead purposes, use for seasonal residential occupancy for recreational purposes, use for raising agricultural products, or use for commercial purposes indicate the classification of the property. Those vacant unimproved lots that can't qualify for another classification by use should be classified as Class 4 property.

Every effort should be made to classify all land correctly. Failure to classify property in accordance with the law and the Supreme Court decisions creates inequity among taxpayers. Only by accurate classification of property, through prompt recognition of changes, can equity be achieved.

REAL PROPERTY OCCUPIED FOR SEASONAL RESIDENTIAL RECREATIONAL PURPOSES AT 33⅓%

Real property used for temporary and seasonal residential occupancy for recreational purposes is assessed at 33⅓% of market value even though it is non-agricultural real estate. The state paid agricultural credit of 10 mills that applies to all agricultural land not receiving the homestead credit also applies to real property used for temporary and seasonal residential occupancy for recreational purposes, if it is not devoted to commercial purposes. (M.S. Sec. 273.13, Subd. 4 and M.S. Sec. 273.132)

Lakeshore property used for family and personal recreation by the owners makes up largely this class of property. Since property in this class is occupied seasonally, it is not eligible for homestead classification. If occupied as a homestead, a lake home is not in this classification but should be classified as class 3b, 3c or 3cc homestead. Unimproved lake lots held by the developer for sale are not in the seasonal recreational property class.

All temporary seasonal residential property used for commercial purposes for not more than 200 days in the year preceding the year of assessment should be assessed as Class 3 property at 33⅓ percent of its estimated market value. The state paid agricultural credit, however, isn't applicable on this type of property. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use. If the property is open for business for more than 200 days each year, it should be assessed as Class 4 property at 43% of its market value. (M.S. Sec. 273.13, Subd. 4)

LAND USED EXCLUSIVELY FOR GROWING TIMBER [CLASS 3E AT 20%]

Land on which approved tree growing practices have been established and are carried out is entitled to this classification provided the land is rural in character and isn't being used for any other purpose. Use for homestead, residential, agriculture, commercial, seasonal recreational, or other purpose is not use exclusively for growing timber and therefore prevents such property from being classified as 3E. Land devoted exclusively to growing Christmas trees qualifies for this classification. Land growing nursery stock does not. (M.S. Sec. 273.13, Subd. 8a)

MINNESOTA AGRICULTURAL PROPERTY TAX LAW [GREEN ACRES]

Minnesota Statutes Section 273.111, commonly known as the Green Acres Law, provides for deferment of assessment and taxes payable on farm lands whose valuations have been increased by assessors to reflect prices in excess of farm land values due to potential residential or commercial land requirements. The law provides that certain property owners, engaged in agricultural pursuit, can apply for deferment of higher valuations and consequent taxes payable, including special assessments, and continue to have the property valued based upon its valuation for farm purposes.

The law provides that real property which qualifies will be valued and assessed with reference to its appropriate agricultural value and no added value resulting from non-agricultural factors shall be considered. However, the assessor is required to make a separate determination of the market value which shall not be greater than the actual bonafide sale price. The tax based upon the appropriate mill rate applicable to such property in the taxing district shall be recorded on the property assessment records. When such real property is sold or no longer qualifies, the property shall be subject to the additional taxes in the amount equal to the difference between the taxes determined in accordance with the agricultural value and market value for the last 3 years of the deferrment. All of the deferred special assessments plus interest shall be payable within 90 days of sale or date of disqualification.

Farm land eligible includes tracts farmed by the owner in conjunction with the homestead and upon which he resides whether contiguous or not. It also includes slough, wasteland, and woodlot contiguous to or surrounded by land otherwise eligible. The law states at M.S. Sec. 273.111, Subd. 3:

"Real estate consisting of ten acres or more shall be entitled to valuation and tax deferment under this section only if it is actively and exclusively devoted to agricultural use as defined in subdivision 6, and either (1) is the homestead or thereafter becomes the homestead of a surviving spouse, child, or sibling of the said owner, or is real estate which is farmed with the real estate which contains the homestead property, or (2) has been in possession of the applicant, his spouse, parent sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of Laws 1969, Chapter 1039", or (3) is the homestead of a shareholder in a family farm corporation, notwithstanding the fact that legal title to the real estate may be held in the name of the family farm corporation. Family farm corporation means a corporation founded for the purpose of farming and owning agricultural land, in which all of the stockholders are members of a family related to each other within the third degree of kindred according to the rules of civil law."

Tracts which have been in possession of the owners for a period of seven years or more prior to the date for which application for benefits are made are also included, regardless of whether or not they are the homestead of the owner.

The law requires a minimum gross income from the property of $300 plus $10 per acre of tillable land as an annual basis of eligibility. The annual income requirements can also be met if such income constitutes at least 33⅓% of the total family income. Soil conservation and crop subsidy payments do not exclude owners from any consideration for deferment benefits. The revised law allows inclusion of rental income as agricultural income.

To qualify for agricultural use, the owners must farm or actively manage the tracts for which benefits are applied for. Property must be devoted to the production for sale of livestock, dairy animals, dairy products, poultry products, fur bearing animals, horticultural, and nursery stock which is under Sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees and apiary products by the owner. Land within 20 rods of shoreline, which is classified by the assessor as lakeshore and adaptable for development is not eligible.

MINNESOTA OPEN SPACE PROPERTY TAX LAW

Minnesota Statutes Section 273.112, commonly known as the "Open Space Law," provides for the valuation and tax deferment of real property used as private outdoor recreational, open space and park lands. It has specific application to lands used for golf and skiing recreational activities. The law provides that owners must make application with the assessor at least sixty days prior to the assessment date to receive the benefits of deferred valuation. Commissioner of Revenue Form 132, Application for Valuation and Tax Deferment of Private Outdoor Recreational Open Space and Parks Lands, is available to enable property owners to make proper application under provisions of the law. Annual filing is necessary because operational use of lands eligible for benefits can readily change.

The valuation in assessment and deferment of tax under the law is limited to particular properties. The basic requirements are:

"Real estate shall be entitled to valuation and tax deferment under this section only if it is:

(a) actively and exclusively devoted to golf or skiing recreational use or uses and other recreational uses carried on at such golf or skiing establishment;
(b) five acres in size or more; and
(c) (1) operated by private individuals and open to the public; or
    (2) operated by firms or corporations for the benefit of employees or guests; or
    (3) operated by private clubs having a membership of 50 or more"

The assessor is directed under the law to value the property in question "with reference to its appropriate private outdoor, recreational, open space and park land" use. Such value shall be determined by the assessor without consideration of its value if "converted to commercial, industrial, residential or seasonal residential use."

Limited or restricted valuation shall be made by assessors only after the filing of application for benefits has been received, and eligiblity and use of the land determined. The law provides that the assessor shall make a separate determination based on actual market value and that, "The tax based on the appropriate mill rate applicable to such property in the taxing district shall be recorded on the property assessment records."

Property which has been valued and assessed under the provision of this law will be subject to additional taxes when sold or when it no longer qualifies. The additional taxes will be assessed on the difference between the valuation based on strictly recreational use, and that determined as actual market value for each year in question. Such additional taxes will be levied for the current year when the property is sold or no longer qualifies, and with respect to the last seven years that said property was valued and assessed under provisions of the Open Space Tax Law.

PARKING RAMPS IN CERTAIN FIRST CLASS CITIES

Structures used solely for public parking are classified and assessed at rates increasing with each assessment, until a maximum rate of 43% of market value is reached in 1977. This classification is restricted to parking ramps in cities of the 1st class of not more than 400,000 inhabitants. The classification applies only to structures, not to land. (M.S. Sec. 273.13, Subd. 14)

TITLE II PROPERTY, NATIONAL HOUSING ACT

Minnesota Statutes Section 273.13, Subd. 17 provides that any structure, newly constructed or substantially rehabilitated, situated on real estate used for the housing of the elderly or for low or moderate income housing as defined by Title II of the National Housing Act or the Minnesota Housing Finance Agency law of 1971 and owned by a non-profit or limited dividend entity and financed by direct federal loan or federally insured loan or a loan made by the Minnesota Housing Finance Agency, shall for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan, be assessed at 20% of market value. This applies only to municipalities of 10,000 inhabitants or more.

Minnesota Statutes 273.13, Subd. 17b provides that structures located in municipalities of less than 10,000 population and used for housing for the elderly or for low and moderate income families as defined by the Farmers Home Administration and financed by a direct loan or insured loan from the Farmers Home Administration, shall, for 15 years from the date of the completion of the original construction or for the original term of the loan, be assessed at 5% of the market value.

In either case, the market value as estimated by the assessor must be based on the normal approach to value using normal unrestricted rents.

The lower percentages of 20% and 5% are applicable to the structures only. Land in both cases is assessed at 40% of the market value.

NOTE: It is suggested the assessor review the project documents which will describe the nature of the sponsor and whether or not such sponsor is a nonprofit corporation or a limited dividend entity.

BUILDINGS AND APPURTENANCES ON LAND NOT OWNED BY THE OCCUPANT

The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant as a permanent residence, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes except the payment of principal and interest on bonded indebtedness, shall be reduced by 45 percent of the amount of the tax in respect of said value as otherwise determined by law, but not by more than $325. (M.S. Sec. 273.13, Subd. 14a) See Homesteads Located On Leased Lands.

STATE PAID AGRICULTURAL CREDIT

Beginning with property taxes payable in 1977 and subsequent years, the agricultural mill rate differential is to be computed and shown on the property tax statement as a credit against the total gross tax rather than as a mill rate differential. M.S. Section 124.03 relating to the Agricultural Land Tax Differential Ratio was repealed and the procedure for handling the agricultural aid was substantially modified.

Only one set of mill rates will be needed to extend taxes and to distribute tax receipts. The county auditor is to reduce the gross tax on all agricultural land classified as homestead up to 120 acres (this is property receiving the homestead tax credit) by an amount equal to the levy that would be produced by applying a rate of 12 mills on the assessed value of that property. The county auditor is to also reduce the gross tax on all property classified as agricultural homestead over 120 acres, all agricultural land classified as non-homestead and all property classified as seasonal residential recreational but not devoted to commercial purposes, by an amount that would be produced by applying a rate of 10 mills on the assessed value of that property. The credit amounts computed by the county auditor are to be submitted to the Commissioner of Revenue as part of the abstracts of tax lists which are required to be filed with the Commissioner on or before January 1 in each year under M.S. Section 275.29. Any prior year adjustments are also to be certified at the same time. The Commissioner is to review such certifications for accuracy and he may make any necessary changes.

Payment is made to each taxing district for replacing revenue lost due to the 12 mill and 10 mill credit from the general fund under M.S. Section 273.13, Subdivision 15a. The distribution of the agricultural mill rate aid which is made by the Department of Revenue will be done the same way as the homestead credit aid distribution. The percentage each individual mill rate eligible for homestead credit is to the total homestead credit mill rate is to be applied to the agricultural mill rate aid amount to determine its distribution. This will be done for each line entry in the Abstract of Tax Lists just as the homestead credit aid is distributed. (M.S. Sec. 273.132)

HOMESTEAD CLASSIFICATION

The homestead classification is found in the Classification Law. M.S. Sec. 273.13, which is printed in Chapter VIII of this manual. A homestead for assessment purposes may be defined as the real property occupied and used by the owner on January 2nd of the assessment year for the purposes of a homestead. (Also see Mid-year Homestead)

The effect of this classification on assessed valuation is very substantial. The assessor should exercise care and consider all facts in determining which properties are homesteads each year.

The mechanics, provisions and the application of the law governing the homestead classification must be fully understood. It is essential that proper explanation of the pertinent provisions be given to taxpayers to prevent a backlog of misunderstandings and additional inquiries from building up.

The homestead classification is based initially upon specific and timely use of the property. The benefits are extended to property based upon each owner's actual interest and his use of the property on the date of the assessment.

Only One Homestead Allowed

An owner may not have the benefits of the homestead classification in more than one place. A person may have but one homestead and that must be his own place of abode by intention and in fact on January 2nd.

Both Ownership and Occupancy Required

In order that property may be entitled to a homestead classification it must be both owned and occupied by the owner as his homestead on January 2nd of the assessment year.

The interest of a purchaser under a contract for deed entered into prior to January 2nd is sufficient to entitle the property to a homestead classification if the purchaser is in actual occupancy of the property on January 2nd.

If the property is owned on January 2nd, and the owner has not moved in, but intends to move in shortly after the assessment date, the occupancy requirement is not met. The property must be occupied on January 2nd by the owner.

Written instruments bearing the title "Earnest Money Contract" or "Purchase Agreement" do not ordinarily constitute purchase and establish ownership. However, situations may arise when such instruments constitute more of an interest in the property than the title indicates. In such cases, the assessor should solicit the advice of the county attorney as to the legal implications of the instrument.

Instruments for the purchase of property need not be recorded to entitle the property to the homestead classification. However, the assessor may ask to examine the instrument to enable him to determine whether or not there was a bonafide purchase prior to January 2nd.

The property becomes the homestead of the owner as soon as he takes possession with the intention of making it his home. However, the use for homestead purposes must be actual and substantial. A token occupancy and use, merely to obtain a tax advantage, falls short of statutory requirement.

For example, the Attorney General's office has ruled that where the sheriff or a county owning a residence in a city other than the county seat, moves into the living quarters in the county jail building temporarily while serving as sheriff, and rents out his own residence except for one room which he reserves and in which he has stored some furniture and other articles, the sheriff is not actually occupying his own residence, has an established home elsewhere, and the residence is not entitled to the homestead classification.

An owner of property may be away from home for a reasonable length of time without depriving the property of its homestead classification provided he maintains the property as his home awaiting his return. He cannot maintain the property as his home awaiting his return if he rents it out while he is gone. As a more or less arbitrary guide to the assessor, absence from property for more than one year constitutes absence for more than a reasonable length of time.

Doubtful Cases as Homesteads

Each assessor will find it necessary to use his best judgment, under various circumstances, in deciding which properties he will recognize as homesteads. In attempting to determine whether the property is the principal place of dwelling and abode of the owner, the assessor might investigate:

Where the taxpayer is registered to vote
Where the taxpayer has his mail delivered
Where the taxpayer's children attend school
The address on the taxpayer's drivers license

Although the above information cannot furnish a definite answer as to the taxpayer's principal residence, it can provide strong clues to the answer. Where the question is close and the assessor is in doubt, he should classify the property as non-homestead and allow the taxpayer to make application to the county board for the relief to which he feels he is entitled.

The assessor should not fail to avail himself, where necessary, of the provision of Subdivision 11, of section 273.13 of Minnesota Statutes which gives him the right to require proof by affidavit or otherwise of the facts upon which classification of homestead may be determined.

Area Of Homestead — Tracts Must Be Contiguous

Except for the 120 acre limitation on agricultural land for the 45% homestead credit with maximum reduction in tax of $325, there is no limitation for assessment purposes as to size of a homestead so long as the tracts of land which are being used for the purposes of a homestead are contiguous. The tracts must touch at some point, either end to end, side to side, or corner to corner.

Contiguous tracts of land owned separately by a husband and wife and used by them together for homestead purposes may be classified as one homestead.

Agricultural property classified as homestead may be crossed by roads, public or otherwise, railroads, or streams without destroying the homestead identity of the entire property.

A different rule applies where urban property is divided by streets. Two lots on different sides of a street cannot comprise one homestead. This same rule does not apply to lots separated by an alley. Where two or more lots are contained within the confines of a platted

city block, the assessor is authorized to extend the homestead classification to all such property which is actually used for homestead purposes even though an alley divides some of the lots.

Homesteads of Persons in Armed Forces

Real estate actually occupied and used for the purpose of a homestead by a member of the armed forces of the United States, or by a member of his immediate family on or after July 1, 1940, shall, notwithstanding the removal therefrom of such person, while on active duty with the armed forces of the United States and/or his family under such condition, be classified in class 3b or 3c, as the case may be, provided, that absence of the owner therefrom is solely by reason of service in the armed forces, and that he intends to return thereto as soon as discharged or relieved from such service, and claims it as his homestead. Every person who, for the purpose of obtaining or aiding another in obtaining any benefit under this subdivision, shall knowingly make or submit to any assessor any affidavit or other statement which is false in any material matter shall be guilty of a felony. (M.S. Sec. 273.13, Subd. 10)

A serviceman is entitled to homestead classification of his property even though it remained unused or rented during his absence while on active duty provided that:

1. He actually used it as his homestead prior to entry into the service.
2. That he intends to return to it when discharged.
3. That he claims it as his homestead.

Any serviceman who disclaims legal residence in Minnesota and his obligations as a resident is not entitled to this classification.

Property May Have Two Uses

The same building may be used for the purposes of a homestead and also for other purposes and still be entitled to the homestead classification. For example, if the owner of an apartment building lives in one apartment in the building, the entire property is entitled to the homestead classification to the extent of the homestead base value. Likewise, if the owner of an office or store building has living quarters and lives in the building as his home, the entire building is entitled to the homestead classification to the extent of the homestead base value. The entire assessed value of land and building is also entitled to the homestead tax credit to a maximum of $325. (See Homestead Tax Credit in this Chapter.)

In situations where a building is used for both residential and commercial purposes, an apportionment of the land and building values must be made according to the respective uses. The May 1972 Minnesota Property Tax Bulletin contains a detailed explanation of the procedure used in apportioning the land and building values and also the procedure for extending the homestead classification and the homestead tax credit. Copies of the bulletin may be obtained by writing to the Department of Revenue.

Separation Of Homestead And Non-Homestead Property

Frequently two buildings are located on one lot or other description of land, one of which is being used as the homestead of the owner and the other is either being rented out or used by the owner for purposes other than homestead. In such cases it is the duty of the assessor to determine what part of the land and which buildings are used for homestead purposes and to grant the homestead classification on only that part of the description actually used for homestead purposes. The remainder of the land and buildings should be given a non-homestead classification.

Where an assessor finds such a situation at the time of writing up his cards and copying the figures into his book, the entire value of the land should be divided as to homestead and non-homestead and these two amounts should be entered separately in the land column opposite the one description. The values of each of the two buildings should likewise be inserted separately in the building column. The value of the owner's homestead building or buildings should be entered opposite the value of the homestead land, and the value of the non-homestead building or buildings should be entered opposite the non-homestead land. The respective homestead values of land and buildings should be added together and entered in the "total market value" column. Likewise, the value of the non-homestead land and non-homestead buildings should be added together and entered in the "total market value" column. The assessed values should be determined for each of these last entered amounts and should be written in their respective columns. The assessed value of the non-homestead and the homestead property should then be added together and this one amount should be entered in the "total assessed value" column for that entire description of land.

Fractional Homesteads In Estate Cases

Homestead property, following the death of the homestead owner, retains the full homestead classification, only if occupied by all of the heirs, or if the surviving spouse retains a life interest therein and resides upon the property. If no heirs are in occupancy, the property loses its homestead status. Where one or more of several heirs occupy the property, a fractional homestead should be extended, according to the extent of ownership of the heirs in occupancy.

If the homestead property occupied by one or more of several heirs has a market value of $12,000 or more, the fractional portion of $12,000 should be given the homestead low rate of value. This may be illustrated by a situation where heirs owning a ¾ interest in property valued at $15,000 reside in the homestead. The

homestead classification should be applied to ¾ of $12,000, or $9,000, and the remainder of the value, $6,000, should be classified as non-homestead.

Where the homestead is worth less than $12,000, and there are several heirs, part of whom are in possession, the fractional portion of the value of the property should be given the homestead classification according to the extent of fractional ownership of the heirs in occupancy. For instance, assuming the market value to be $9,000, an heir in possession who owns a ⅓ interest would entitle the property to be classified as a ⅓ homestead, and the low rate of value would be applied to $3,000. The remainder of the value, $6,000, would be classified as non-homestead. (In the two examples above, the homestead base value was $12,000.)

Apportioning Homestead Value

Where homestead land is located in two adjoining taxing districts or counties, the homestead base value to which the lower homestead rate is applied should be apportioned between the two districts or counties in the same ratio as the market value of the tract in each respective district or county bears to the total amount of the market value.

The above ruling is based upon the fact that all of an owner's land is entitled to its appropriate share of the homestead low rate classification. No two adjoining taxing districts have the same rate. Where the property of an owner "used for the purpose of a homestead" lies on two sides of a line defining two taxing districts, such owner is entitled to have the proper amount of his low rate valuation in the higher tax rate district. It would be unfair to him to permit the homestead benefits only in the lower rate district; and on the other hand it would be unfair to all other taxpayers in the district if more than a proper reduction in assessed value were allowed the taxpayer in the district having the higher rate. Without correct apportionment either the taxpayer or the taxing district is injured.

Process Of Apportioning Homestead

The apportionment of the homestead valuation between several adjoining descriptions comprising a single homestead is a relatively simple process that is readily carried out by an assessor. For purposes of illustration, a farm composed of three adjoining descriptions may be considered, with description No. 1 lying in Township A and descriptions 2 and 3 in Township B, but with descriptions 1 and 2 in one school district and description 3 in another school district.

Obviously, there will be three assessors' record cards, one for each description. There will also be three separate descriptions in the assessment book, which may appear on different pages. It is therefore advisable for the assessor to indicate both on his record cards and on the pages of his assessment book opposite each description that there are other cards and descriptions included in the same homestead, and to make reference on each record card and opposite each description to the other cards and descriptions. It is also advisable for the assessor to attach a memorandum to one of the record cards, showing the descriptions comprising the homestead, together with the total market values of each description. Space should be left upon the memorandum to enter the apportionment of the homestead and non-homestead values for each description.

Assuming hypothetical values for the descriptions involved in the homestead and a homestead base value of $12,000, the following process will be carried out by the assessor in completing his memorandum of apportionment. The total market value of all of the descriptions should first be determined, after which the assessor should determine the per cent of the total that the value of each description bears to the total market value. The following figures will illustrate this process:

Description	Market Value	% of Total
1	$12,060	60%
2	6,030	30%
3	2,010	10%
Totals	$20,100	100%

The assessor is now ready to distribute the first $12,000 of value which is to be given the homestead low rate. The three descriptions of property listed above have a total market value of $20,100, of which $12,000 will be valued at 20% and $8,100 at 33⅓%.

After the per cent of total value is determined for each description as outlined above, the first step is to apportion the $12,000 homestead value among the three descriptions. Since description No. 1 is 60% of the total, the homestead market value of that description would be $7,200 (60% of $12,000). Description No. 2 being 30% of the total would have a homestead value of $3,600 (30% of $12,000). Description No. 3 being 10% of the total would be a homestead to the extent of $1,200 (10% of $12,000).

The next step will be the determination of the non-homestead portion of the market value of each description. This is done by subtracting the homestead market value from the total market value of each description. In this instance, description No. 1 would have a non-homestead market value of $4,860 ($12,060 - $7,200). Description No. 2 would have a non-homestead value of $2,430 ($6,030 - $3,600). Description No. 3 would have a non-homestead value of $810 ($2,010 - $1,200).

After the market value of each description has been apportioned into homestead and non-homestead valuations, the next step is the calculation of assessed values. Since the property in question is classified as agricultural, the homestead portion of the valuation is therefore classified and assessed at 20% of market value. The non-homestead portion of the market value of each description will be placed in Class 3 and the

assessed value determined on the basis of 33⅓% of market value. The total of the homestead assessed values of the three descriptions should be proved by adding the three homestead valuations, and the total should be $2,400 (20% of $12,000). Similarly, the total of the non-homestead assessed values should in this instance be $2,700 (33⅓% of $8,100).

The tabulation described in the preceding paragraphs is presented below as it should appear upon the assessor's memorandum when completed. The amounts of homestead, non-homestead, and total assessed values should be entered separately on the cards for each of the three descriptions to be later copied into the assessment book.

	Market Values				Assessed Values		
Descr.	Market Value	% of Total	Home-Stead	Non-Home-Stead	Home-Stead	Non-Home-Stead	Total
#1	$12,060	.60	$ 7,200	$4,860	$1,440	$1,620	$3,060
#2	6,030	.30	3,600	2,430	720	810	1,530
#3	2,010	.10	1,200	810	240	270	510
	$20,100	100%	$12,000	$8,100	$2,400	$2,700	$5,100

In arriving at the final values of homesteads and making the apportionments of them, the assessor is confronted with a practical problem of selecting values which are divisible without leaving remainders, so that when all of his entries are made the sum of the apportioned values will equal the whole. This may be accomplished by testing the figure contemplated for use and adding or deducting a dollar or two in order to obtain a figure which will divide properly. No one will criticize an assessor for making the slight changes necessary to simplify his work and that of the county auditor. The same practice should be followed in entering market values in all classes of property assessed.

PARAPLEGIC VETERANS', BLIND PERSONS' AND PERMANENTLY AND TOTALLY DISABLED PERSONS' HOMESTEAD IS CLASS 3CC

M.S. Section 273.13, Subdivision 7, provides for a lower percentage rate of assessment on homesteads of paraplegic veterans, blind persons and permanently and totally disabled persons than of other home owners.

Paraplegic Veterans

Paraplegic veterans who served in active military or naval service of the United States qualify if:

1. they are entitled to compensation from the United States for permanent and total service-connected disability;
2. their disability is due to loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies or paralysis of both lower extremities whereby they cannot move without aid of braces, crutches, canes or a wheel chair;
3. their homestead is a special housing unit with special fixtures or movable facilities necessitated by the disability and acquired with assistance of the Administration of Veteran's Affairs.

Blind Persons

A "blind person" has no vision or who, with the help of eye glasses or other resources, has not sufficient ocular power for the ordinary affairs of life.

Eligibility of applicants may change from year to year as corrective measures or technological advances take place. Therefore, an annual determination of the eligibility should be made for each year.

The State Services for the Blind may provide the assessor with information to review the eligibility of applicants. This agency can readily confirm the status of applicants who are permanently blind or who qualify under the definition of the law. The agency has provided for a review of opthalmological reports which are required of applicants whose eligibility might change or who are not currently registered with the service. Applicants are then placed upon the correct register and status can be readily confirmed in ensuing years.

"Declaration for Homestead Classification, Class 3cc for the Blind," Commissioner of Revenue Form 131, has been provided for the taxpayer's initial application to the assessor. This form provides for the description and location of the property, certification of extent of applicant's interest, the dates and the period during which the property has been used for homestead. The form further provides that a verification of blind eligibility be submitted to complete the application.

"Verification of Special Homestead Classification for the Blind," Commissioner of Revenue Form No. 131-V, must be filed in duplicate for each application. These forms, which provide for further identification of the applicant, should be forwarded by the applicant or assessor for completion by State Services for the Blind, Department of Public Welfare, 1745 University Avenue, St. Paul, Minnesota 55104. State Services for the Blind will return the original copy to the county assessor's office having jurisdiction over the property, certifying whether or not the applicant qualifies.

Applicants who are not registered with State Services for the Blind are required to obtain and submit an Ophthalmologist's Report of Eye Examination to that department with the request for verification. These forms are provided by the Minnesota Department of Public Welfare and are to be completed by a qualified ophthalmologist prior to submission.

It should be noted in reference to homesteads of the blind that property classified as 3cc receives tne full benefits of the lower classification when the blind person is the owner of the property or if the blind person and his or her spouse are the sole owners.

Permanently And Totally Disabled Persons

The 3cc classification can be accorded to the homesteads of permanently and totally disabled persons who are receiving aid from one of five sources.

1. Receiving aid from any state as a result of that disability,*
2. receiving Supplemental Security Income for the disabled,
3. receiving Workman's Compensation based on a finding of total and permanent disability,
4. receiving Social Security Disability,
5. or who is receiving aid under the Federal Railroad Retirement Act of 1937, 45 United States Code Annotated, Section 228 b (a) 5.**

The aid from the 5 sources listed above must be at least 90 percent of the total income of such disabled person from all sources in order to qualify for the 3cc classification.

In the case of a permanently and totally disabled person, the 3cc classification is granted only to the fractional interest of the property owned by the person qualifying for the lower classification.

Whether a person is deemed to be totally and permanently disabled for purposes of incapacity to work at an occupation is a medical question. If the appropriate federal or state agency does make the payments, this is sufficient for purposes of this act. For your information, 1974 legislation requires the Commissioner of Public Welfare to certify to each local agency the names of all county residents that are recipients of aid. The assessor may secure the necessary information from the local welfare department or from the local office of the Social Security agency.

"Declaration and Application for Class 3cc Homestead for Permanently and Totally Disabled Persons," a Commissioner of Revenue form, has been provided for the taxpayer's initial application to the assessor.

When real property is classified as 3cc, the first $24,000 of the estimated market value is assessed at 5%. The amount in excess of $24,000 is assessed at 40%, except if the property is classified as agricultural, the excess is assessed at 33⅓%. Class 3cc homesteads also benefit from the 45% reduction accorded to other homestead property but not to exceed $325 as a result of the homestead tax credit.

HOMESTEADS OF COOPERATIVES AND CHARITABLE CORPORATIONS [APARTMENTS]

The homestead classification may be accorded to the property of a cooperative or charitable corporation. Each unit must be designated by legal description, and the assessed value of the building is the sum of the assessed value of each of the respective units in the building. (M.S. Sec. 273.133, Subd. 1)

The corporation or association must be wholly owned by persons having shares entitling them to residential participation, or, in the case of a charitable corporation with no outstanding stock, the member residents of such dwelling units must have purchased and hold residential participation warrants entitling them to occupy such units.

In extending the homestead treatment, it is necessary to determine annually to what extent the total number of units are occupied by registered shareholders on the January 2nd assessment date. Each unit so occupied becomes a separate homestead. Units which are not occupied on January 2nd are assessed at 40% non-homestead. However, units which become eligible on June 1st are to be extended one-half the annual homestead consideration for such units if applications are properly filed by the owners.

HOMESTEAD CLASSIFICATION ON DWELLING UNITS OWNED BY NON-PROFIT CORPORATION

The homestead classification is to be accorded to each occupied unit of a building owned by an entity organized and operated as a non-profit corporation which enters into membership agreements with persons under which they are entitled to life occupancy in a unit in the building. The entire building, in these cases, must be assessed in the same manner prescribed for co-operatives and charitable corporations in Subdivision 1 of this Section. (M.S. Sec. 273.133, Subd. 2)

The intent of this Section is to provide homestead tax treatment for dwelling units owned and occupied by persons residing in places such as the Madonna Towers in Olmsted County and the Northwest Baptist Society Home in Freeborn County. Residents with a life occupancy may then qualify for the Income-Adjusted Homestead Credit.

HOMESTEADS LOCATED ON LEASED LANDS

Homesteads located on leased lands are assessed as Class 3F under Minnesota Statutes, Section 273.13, Subdivision 7b. This class of property consists of all buildings and appurtenances owned by the occupant and used by him as a permanent residence which are located upon land the title of which is vested in a person or entity other than the occupant. Such buildings shall be valued and assessed as if they were homestead property within the scope of Class 3b, 3c, or 3cc, whichever is applicable. These homesteads would also benefit from the 45% reduction accorded to other

*The federal government is deemed to be a "state", therefore, the homesteads of totally and permanently disabled veterans who are receiving aid from the federal government are entitled to the 3cc classification.

**It should be noted the Railroad Retirement Act provides for disability pensions under two Sections. Disability pensions are paid under Section 228 b (a) 4 to disabled former railroad employees whose permanent physical or mental condition is such that they are disabled from working in their regular occupation with the railroad. Persons receiving this type of disability pension are not eligible for the Class 3cc classification. Only disability pensions paid under Section 228 b (a) 5 which relate to a disability where a permanent physical or mental condition is such that the disabled person is unable to engage in regular employment of any kind is eligible for the 3cc classification.

homestead property but not to exceed a maximum of $325 homestead tax credit. On leases of less than three years the homestead classification applies only to the structures.

If the homestead is located on leased lands subject to property taxes (privately owned), it is assessed as real property and the taxes are extended by a split classification to the description of the land as an in rem assessment of real estate.

If the homestead is located on leased public lands, exempt lands, railroad right-of-way, etc., it should be reported annually on Commissioner Form 21-3F as Personal Property. This form is designed as a supplement to Personal Property Return Form 21 and provides for the listing of Class 3F property under the classification values applicable to Class 3b, 3c or 3cc. These returns provide for certification of the lease by the owner of the building, a description of the land and structures involved, the value of the buildings, the period covered by the lease and a certification of ownership and of the owner's use of the property as a permanent residence.

Under Minnesota Statutes Section 273.19, a "leasehold interest" of three or more years located on public or otherwise exempt lands shall for all purposes of taxation be considered as the property of the lessee and the homestead property assessment should include both the land and the buildings. The assessor should examine the proper legal description of this leasehold interest. Taxes under such leaseholds are extended against the leasehold description. Assessors should also establish that the residence on leased lands are used for a permanent residence of the owners of the buildings as required by law. They should require proof of separate ownership of the structures involved. In this case, the homestead assessment would include both the land and building values of a leasehold interest.

HOMESTEAD ESTABLISHED AFTER ASSESSMENT DATE [MID-YEAR HOMESTEAD]

Any property which was not used for the purpose of a homestead on the January 2 assessment date, but which was used for the purpose of a homestead on June 1 of such year, should be classified as class 3b, class 3c or class 3cc, as the case may be, for the last half of that year. Such classification will extend one-half the lower homestead valuation and one-half the homestead tax credit to which the property would have been entitled had it been classified as homestead for the entire year. That is, the homestead classification rate is extended to a maximum market value of one-half of the homestead base value for class 3b and class 3c and to a maximum of $12,000 market value for class 3cc.

Owners must file applications in writing before June 15 to obtain the mid-year homestead classification. The applications are to be filed with the county assessor (or with the city assessor in cities of 30,000 or more in population) who has jurisdiction over the property.

This statute was amended in 1975 to allow a person whose property qualified for a mid-year homestead, but failed to be accorded the lower classification because the person did not timely notify the assessor, to receive such benefits either by direct action of the county board during the current year or through the abatement process. (M.S. Sec. 273.13, Subd. 16)

HOMESTEAD ON FAMILY FARM CORPORATION OR PARTNERSHIP

Beginning in the 1975 assessment year, each family farm corporation and each partnership operating a family farm may be entitled to the Class 3b agricultural homestead classification. The corporation or partnership receives all the benefits of the agricultural homestead classification including the homestead tax credit on 120 acres for one homestead. The homestead must be occupied by a shareholder or partner who is residing on the land and is actively engaged in farming of the land owned by the corporation or partnership. The legal title to the property may be in the name of the corporation or partnership and not in the name of the person residing on the land.

Also any other residences owned by corporations or partnerships operating a family farm which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership shall also be classified as Class 3b agricultural homestead property. In these instances the property eligible is limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home. The homestead classification can't include any other structures that may be located on the property. (M.S. Sec. 273.13, Subd. 6a)

Corporate Farming

For the purposes of this section, the terms defined below have the meanings here given them:

(a) "Farming" means the cultivation of land for the production of (1) agricultural crops; (2) livestock or livestock products; (3) poultry or poultry products; (4) milk or dairy products; or (5) fruit or other horticultural products. It shall not include the production of timber or forest products; nor shall it include a contract whereby a processor or distributor of farm products or supplies provides spraying, harvesting or other farm services.

(b) "Family farm" means an unincorporated farming unit owned by one or more persons residing on the farm or actively engaging in farming.

(c) "Family farm corporation" means a corporation founded for the purpose of farming and the ownership of agricultural land in which the majority of the voting stock is held by and the

majority of the stockholders are persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, and at least one of said related persons is residing on or actively operating the farm, and none of whose stockholders are corporations; provided that a family farm corporation shall not cease to qualify as such hereunder by reason of any devise or bequest of shares of voting stock.

(d) "Authorized farm corporation" means a corporation meeting the following standards:

(1) Its shareholders do not exceed five in number;
(2) All its shareholders, other than any estate are natural persons;
(3) It does not have more than one class of shares; and
(4) Its revenues from rent, royalties, dividends, interest and annuities does not exceed 20 percent of its gross receipts; and
(5) A majority of the shareholders must be residing on the farm or actively engaging in farming.

(e) "Agricultural land" means land used for farming. (M.S. Sec. 500.24, Subd. 1) For additional data on corporate farming refer to Subd. 2 thru 4 of Sec. 500.24.

HOMESTEAD TAX CREDIT

Beginning with taxes payable in 1968, the tax due on owner-occupied (homesteaded) property, exclusive of the levy for bonded indebtedness, was reduced by 35% up to a maximum reduction of $250. The reduction on agricultural homesteads was limited to the 80 acres of land contiguous to the owner-occupied dwelling.

This law was amended in 1973 to increase the homestead credit to 45% of the levy for all purposes except non-school district bonded indebtedness up to a maximum reduction of $325. On agricultural homesteads the number of acres eligible for homestead credit was increased to 120 acres. These changes became effective beginning with the 1973 assessment. The amount of the homestead credit is paid directly to the taxing districts by the state. (M.S. Sec. 273.13, Subds. 6, 7, 14a, 15a and 18)

Beginning with taxes payable in 1972, mobile homes accorded the homestead classification became eligible for the homestead credit.

TACONITE HOMESTEAD TAX CREDIT

An additional homestead credit, depending on the iron ore value in an assessment district, is extended to homesteads located in iron range areas. This credit is paid by the state to the taxing districts from the taconite production tax.

The property tax to be paid in respect to property taxable within a tax relief area on Class 3b property not exceeding 80 acres, on Class 3c property and on Class 3cc property, as otherwise determined by law and regardless of the market value of the property, for all purposes shall be reduced in the amounts and be subject to the limitations below.

Beginning with 1976 and subsequent years, if the homestead is located within a municipality which qualifies as a tax relief area, the property tax is reduced by 60 percent up to a maximum of $350 prior to computation of the homestead credit. If the homestead is located within a school district which qualifies as a tax relief area but outside the boundaries of a qualifying municipality, its property tax is reduced by 52 percent up to a maximum of $300 before the homestead credit is computed. If a homestead is located within a school district which doesn't qualify as a tax relief area, but is situated in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a qualified school district is located, its property tax before the homestead credit is to be reduced by 52 percent up to a maximum of $300, provided at least 90 percent of the area of the non-qualified school district lies within the county. (M.S. Sec. 273.135, Subd. 1 and 2)

FLEXIBLE HOMESTEAD BASE VALUE

For 1975 and prior years, the homestead base value shall mean $12,000 of market value of any property which qualifies as homestead property for assessment purposes. In assessment years subsequent to 1975, the homestead base value shall be adjusted pursuant to the homestead base value index. The homestead base value index shall be computed by the equalization aid review committee for each year immediately preceding an assessment year. This index is computed in the following manner. The annual statewide average market value of homestead property as indicated by bona fide real estate sales during the year shall be divided by the statewide average market value of all homestead property sold in 1974. This quotient is multiplied by 100. For each increase of a full three and one half points in the index, the homestead base value shall be increased $500 in the following assessment year. On or before December 1 of any year preceding an assessment year, the Commissioner of Revenue shall certify the homestead base value for that year. (M.S. Sec. 273.122, Subd. 1 and 2)

QUESTIONS AND ANSWERS RELATING TO HOMESTEAD CLASSIFICATION

Only One Homestead

Q. May a farmer who lives on a farm and who also owns a place in a city where his children live in the winter time in order to go to school, claim a homestead on such urban property?

A. No. A person may have but one homestead and that must be his own place of abode by intention and in fact on January 2nd.

Area

Q. Where parts of a farm are scattered but connected by a narrow strip of private road owned by the homestead claimant, will such connection establish the necessary contiguity for the purpose of homestead classification?

A. Yes. If a man owns farm lands somewhat scattered but connected by land upon which he may pass from one portion of his farm to the other, it should all be considered as his homestead.

Q. Where a farm covers an area intersected by a highway, will the homestead classification be extended to the property on both sides of such highway?

A. Yes. The homestead classification may be extended to all parts of the farm which would be contiguous if not so crossed by the highway. The same is true of lands crossed by railroads, streams and ditches.

Q. May the owner of a homestead in a city claim the benefits of the homestead classification on an additional lot owned by him across the street from his homestead provided he uses the lot for garden, poultry raising or other uses pertaining to his home?

A. No. In cities the homestead classification will not be extended across a street.

Q. In a city, would the classification be extended to an additional lot owned by the homesteader and used by him for homestead purposes but lying across a platted alley?

A. Yes, such a classification may be granted on a lot definitely used in connection with the homestead even though it lies across a platted alley. This is because frequently one will have a contiguous homestead tract which, after it has come into the possession of the homestead owner, is divided by an alley for the convenience of the homesteader and other neighbors in the same block. While the rule seems inconsistent with that applied to divisions of property by streets, it will take care of many cases where an injustice would be done to deprive the owner of such classification.

What Constitutes Ownership

Q. If a person is buying property on a contract for deed which is dated prior to January 2nd, and he is living on the premises on January 2nd, is the property entitled to homestead classification?

A. Yes, Property held under contract for deed may be a homestead quite as much as if held under warranty deed.

Q. Does the contract for deed or warranty deed, by which a person claims title to the property, have to be recorded?

A. No. However, the assessor may ask to see the instrument to enable him to determine whether or not there was a bona fide purchase prior to January 2nd.

Q. If the property is occupied by a widow or other person who has a life estate in the property, will the homestead classification be allowed?

A. Yes. One occupying under an estate for life is entitled to the homestead classification even though immediately upon the death of such person the title is vested in other heirs.

What Constitutes Occupancy

Q. How long must an owner reside on property before it is entitled to homestead classification?

A. The property becomes the homestead of the owner as soon as he takes possession with the intention of making it his home. He may buy and move into a home on January 1st. If he has moved in with the intention of making the property his home, the property is entitled to the homestead classification on January 2nd.

Q. May an owner who has bought a house on December 23 but has not yet moved into it on January 2nd, although he asserts that he personally slept in the house on January 2nd, claim the homestead classification?

A. No. Unless he has moved into the property and is residing there on January 2nd, the property is not entitled to homestead classification. To make exceptions to this rule would be dangerous practice.

Q. Where one living on a rented farm inherits from his father the farm adjacent to the one upon which he is living, may he enjoy the homestead classification on the farm which he has inherited and is using but upon which he does not live?

A. No. To enjoy the homestead classification he must not only farm the land but actually reside upon it. The fact that the parcel he owns is adjacent to the property which he rents and lives upon would not justify granting the homestead classification.

Q. Where a mother and son live together upon an eighty acre parcel of land owned by the mother, and the son owns another eighty adjoining his mother's and is farming both eighties, to how much of the property may the homestead classification be given?

A. Only one homestead low rate of value may be applied to any tract of land where there is but one residence. Ownership and occupancy are both essential, and in this case the eighty owned and occupied by the mother should be classed as a homestead. The homestead classification applied to the mother's eighty will not extend over to the tract owned by the son.

Q. May a dwelling owned by a corporation or a cooperative association be given the homestead classification?

A. Generally not. However, see homestead, family farm corporation.

Q. Where a widow has sold all of her household goods except the furniture for one room which she has reserved for herself, rented the house to a tenant except for the room in question, and been absent from the property entirely for a year, would she be entitled to the homestead classification?

A. No. Under these circumstances the reservation of the room is regarded merely as an excuse for claiming the homestead classification.

Temporary Absence

Q. Where an owner of a farm homestead has, by reason of foreclosure of a chattel mortgage, been compelled to take over and temporarily operate a business in a city but plans to return again to his farm which is operated during his absence by his son, should the homestead classification be continued?

A. Temporary absence on January 2nd does not deprive the owner of the homestead classification, provided the owner maintains his living quarters upon the premises in condition for continued occupancy by himself or his family, showing his intention to return presently, and provided he does not establish another home elsewhere or otherwise manifest an intention to abandon the actual occupancy of the premises as his place of abode. Each case must be considered on its own facts and no hard and fast rule can be laid down.

Q. May property which has been used as a homestead retain that classification while the owner is committed to a hospital for the insane?

A. Yes. If the absence is temporary and the possibility is that the owner will return after he has been adjudged sane. If the confinement is to be permanent, however, and the property is rented out, it may no longer be classified as a homestead.

Q. Where a former homesteader is absent and the property rented out, may the homestead classification be granted because the owner has filed with the register of deeds an affidavit claiming the property to be a homestead?

A. No. Filing of such an affidavit is frequently done by persons wishing to establish a homestead in the sense of a "debtor's homestead," so that the property will not become subject to execution and sale under a judgment. This situation is not to be confused with a homestead classification for purposes of taxation.

Q. Does a person serving in the armed forces lose his right to a homestead by reason of his being absent from the property on January 2nd.

A. No. Regardless of whether the property is being rented out in the absence of the serviceman, it is still entitled to homestead classification if the assessor is satisfied that the serviceman claims the property as his homestead and intends to return to it as soon as he is discharged.

Property Used For Other Purposes

Q. May a person who owns two separate residences upon a city lot, and who lives in one of them, have the homestead classification upon both of the buildings standing on the same lot?

A. No. The assessor must determine what portion of the land and building value is actually used by the owner for purposes of the homestead. The assessment gives the owner the benefit of the appropriate homestead base value. The balance of the property is assessed as non-homestead.

Q. May an apartment in which several families, including the owner, reside be given the homestead classification?

A. Yes, the owner receives the benefit of the homestead base value and the homestead tax credit the same as any other homestead property.

Q. If the owner of a mercantile building resides therein, either in rooms above or behind the store, may he have the homestead classification?

A. Yes. Here again if it is all one building he is entitled to the homestead classification.

Q. Where a person owns 360 acres of contiguous land, 80 acres of which he occupies as his home and the balance of which he has leased to another individual, is the entire 360 acre tract entitled to homestead classification?

A. No. Only the 80 acre tract upon which he resides and which is used by him for the purposes of a homestead is entitled to homestead classification. The other 280 acres which he has leased out is no longer occupied by the owner as his homestead.

Q. Where a farmer or other person places tourist cabins on land which otherwise constitutes part of his homestead, may such cabins and the land upon which they stand continue to enjoy homestead classification?

A. No. Under these circumstances the assessor must separate the value of the land with the buildings thereon so used, and assess such land and buildings on the non-homestead basis.

Divided Ownership

Q. May the assessment of one building with the land upon which it stands be divided and thereby entitle each of several resident owners of undivided interests to the entire homestead base value?

A. No. It is held that but one homestead low rate of value may be applied to a single description and the building with the land upon which it stands.

Q. Where two or more persons each own an undivided interest in a duplex or multiple family

dwelling property, would the full homestead base value be granted to each of them?

A. No. Only one homestead low rate of value may be given to a single description and the building and the land upon which it stands, regardless of the fact that there may be two or more resident owners maintaining separate households upon the property.

Q. Where two brothers own a place together and each lives in a separate house on the place, how is the homestead classification to be applied?

A. Regardless of the number of persons joined in ownership of real estate being used for the purposes of a homestead, only one homestead base value on the total valuation of land and improvements on a single description can be given the homestead classification. It makes no difference whether the two owners reside together in one house or separately in two houses. The assessor in such case should arrive at his market valuation of the entire property, give the homestead base value the homestead percentage and the remainder the non-homestead percentage, and let the co-owners divide the payment of the taxes as they see fit.

Estates

Q. When the owner of a homestead has died, leaving the property to several heirs, some of whom are occupying the property but others reside elsewhere, how is the homestead classification apportioned?

A. Upon the death of an owner of property, the heirs become the new owners, each to the extent of his fractional interest in the estate. Where one or more of several heirs occupy property as a homestead, the fractional portion of the homestead base value, or the fractional portion of the value of the property if the homestead is worth less than the homestead base value, is given the homestead classification. For example, if the market value of a homestead is $18,000 and there are four owners, three of whom are occupying the property, the property would receive the homestead classification to the extent of ¾ of the homestead base value. If the property were worth only $6,000, a ¾ homestead would entitle the property to receive the classification on ¾ of $6,000, or $4,500.

Proof by Affidavit

Q. How far can the assessor go in requiring proof from the owner that the property is entitled to homestead classification?

A. The assessor must be satisfied that the property is entitled to homestead classification. If he deems it necessary he may require proof by affidavit or otherwise of the existence of the facts upon which classification as a homestead is claimed.

THE ASSESSMENT OF RAILROAD LANDS

The railroad gross earnings law provides that the payment of gross earnings taxes shall be in lieu of any ad valorem tax on property used in the operation of the railroad. In addition, some railroad rights-of-way and some railroad lands are exempted by charter grants. With the exception of lands so exempted by charter or which are used in the operation of railroads, railroad lands are subject to taxation. Lands which are rented out by the railroad to some person maintaining and operating a private business thereon are taxable inasmuch as the lands are not being used for railroad purposes. Such portions of railroad right-of-way or station grounds as may be leased to private parties for industrial or commercial purposes and occupied by improvements not owned by the railroad company, shall, while so leased, be assessed and taxed as unimproved non-operating lands to the railroad. Land owned by a railroad which serves as a site for a grain elevator is taxable to the railroad.

Buildings, structures and other improvements situated on railroad right-of-way or station grounds and not owned by the railroad company shall be assessed and taxed as personal property to the owners thereof. Railroad-owned buildings which are under lease may also be placed on the tax role.

Each railroad company shall report annually to the county auditor of each county into which its line extends a list of the leases of portions of its right-of-way or station grounds in such county, in effect on the assessment date. Such lists shall group the leased sites by towns and shall show as to each lease the number of the lease, the name of the lessee and the area covered by the lease. For assessment purposes, such leased sites may and shall be described by number and lease, name of lessee and area. The company may not contest any assessments on the ground that the descriptions are insufficient but shall have the right to contest in the usual manner any assessed valuations thought to be excessive or to contest the taxes levied thereon upon the ground of excessive valuations.

Leases Appear in Real Estate Assessment Books

The county auditors list these leases in the assessment books of the proper assessment district showing also the area for the assessor to value. The description in the assessment book furnishes the assessor with the railroad company's number of the lease, the name of the party to whom the lease is made and the number of square feet leased.

Leased Right-of-Way on a Main Street

The assessor should determine the value of the leased property by making a comparison of it with a square foot value of some similar commercial property in the district. Occasionally, one will find that land comprising a part of the railroad right-of-way actually constitutes one side of the main street with the best retail commercial property in the community across the street from portions of the railroad right-of-way which are leased out for private commercial use. In such cases it is

proper to compare the value per square foot of the leased land with the value per square foot of the individually owned land across the street.

Values Subject to Comparison

Ordinarily the railroad trackage would not be comparable with the highest retail commercial values in a city but could be compared with a second or third rate commercial value of individually owned property. In fairness to private owners, assessors must make equitable assessments of property leased by the railroads for private use. The value of and the taxes placed upon two corner lots across the street from each other should be comparable even though one is owned by the railroad and leased out and the other belongs to an individual.

New Leases To Be Assessed Each Year

Where the railroad company subsequent to January 2nd of any year, enters into a new lease with a private party of a portion of railroad right-of-way or station grounds which was not leased on the last assessment date, the new leased portion should be valued by the assessor on the next January 2nd. Likewise, if the same parties enter into a new lease which changes the area formerly leased, the assessor should revalue the leased portion of the right-of-way on the next January 2nd.

THE ASSESSMENT OF METROPOLITAN AIRPORTS PROPERTY

A major airport operated by a public corporation such as the Metropolitan Airports Commission is detached from cities and school districts in which the airport may lie. The Commissioner of Revenue is the assessor of taxable property in such airport. Taxable property in the airport is subject to state and county levies in addition to the Airports Commission's levy for airport services. No other municipal levy applies nor is this property subject to school district levies.

Lands constituting any major airport or a part thereof now and which may hereafter be operated by any public corporation organized under Minnesota Statutes, sections 473.601 to 473.679, and embraced within any city or school district organized under the laws of the state, are hereby detached from such city or school district. (M.S. Sec. 473.625)

The Commissioner of Revenue of the State of Minnesota shall value and assess the taxable property in said area and shall report the same to the county auditor of the county in which such property is situated on or before October 1st of each year. (M.S. Sec. 473.626)

As to any lands to be detached from any school district under the provisions hereof, notwithstanding such prospective detachment, the value of such lands and the assessed value of taxable properties now located therein or thereon shall be and constitute from and after the date of the enactment hereof a part of the value of properties upon the basis of which such school district may issue its bonds, the value of such lands for such purpose to be 33⅓ percent of the market value thereof as determined and certified by said assessor to said school district, and it shall be the duty of such assessor annually on or before the tenth day of October from and after the passage hereof, to so determine and certify; provided, however, that the value of such detached lands and such taxable properties shall never exceed 20 percent of the value of all properties constituting and making up the basis aforesaid. (M.S. Sec. 473.629)

THE ASSESSMENT OF MACHINERY AND EQUIPMENT

Machines and equipment regardless of size or method of attachment that were assessed as fixtures to real property at 33⅓% (attached machinery) prior to the 1973 assessment are no longer taxable.

Improvements consisting of machinery and equipment that should always be included in the valuation of a building or structure are the central heating system, central ventilation and air conditioning systems, electrical and plumbing installations necessary to service the building or structure, passenger and freight elevators and escalators. The improvements mentioned above are regarded as real property and assessed at 43% of the estimated market value thereof because they are annexed to the building or structure and are integrated with and are of permanent benefit to the building or structure.

Tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings are to be assessed as fixtures to real property in Class 3 at 33⅓% of the estimated market value. (M.S. Sec. 273.13, Subd. 4)

THE ASSESSMENT OF CABLE TELEVISION

The distribution lines of cable television companies were deemed to be equipment and were taxable for 1972 and previous years. However, beginning with the 1973 assessment, the distribution lines of cable television companies became exempt along with most other personal property. Because the distribution lines of cable television companies are not part of an electric generating, transmission or distribution system, they are not taxable. Due to legislation passed in 1973, only tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures are taxable.

The Minnesota Supreme Court in KDAL, Inc., vs. Commissioner of Revenue (4-2-76) affirmed the District Court of St. Louis County decision that a television

tower supporting a television antenna for transmitting television signals is exempt from property taxation. Therefore, only land and buildings owned by a Cable TV Company should be assessed as real property at 43 percent of the estimated market value.

THE ASSESSMENT OF STORAGE TANKS

It is most difficult and impractical for the Department of Revenue to establish hard and fast rules governing a determination that storage tanks are either real or personal property. However, a few examples may be of some assistance.

1. A 50 gallon tank in the back yard of a residence or located on a farm is personal property since it is easily installed and easily transported.
2. A medium sized storage tank placed underground at many gas stations and attached to the gas pumps which dispense gasoline is considered not to be part of the real property.
3. A storage tank used by a bulk oil dealer for the purpose of bulk storage of gasoline is considered to be real property and is assessed at 43% of its estimated market value.
4. Large storage tanks used for the purposes of storing commodities such as grain, crude oil or partially or completely processed petroleum products are considered to be real property.

THE ASSESSMENT OF TOWNHOUSES

Townhouse property should be classified and valued in the same manner as is other property according to the classification law. However, the value of the townhouse property should be increased by the value added due to the right to use any common areas in connection with the townhouse development. Hence, the common areas of the development should not be taxed separately. The total value of the townhouse property, including any value added due to the right to use common areas should have the benefit of the homestead classification or any other classification that is otherwise appropriate. (M.S. Sec. 273.13, Subd. 7c)

THE ASSESSMENT OF APARTMENTS OF TYPE I OR II CONSTRUCTION

Beginning with the 1975 assessment, apartments constructed with materials meeting the requirements of Type I or II construction as defined by the State building code are reclassified.

Apartments that qualify should be classified at the lower percentages for a period of 40 years from the date of completion of the original construction, or the date of initial though partial use, whichever is the earlier date. At least 90 percent of the structure must be used as apartment housing and no part can be used as a homestead or be subject to Title II financing.

The lower classifications are as follows: (1) When the apartment consists of five or more stories that part, section floor or area used or to be used for apartment housing is assessed at 25 percent of the estimated market value. (2) When the apartment consists of four or less stories that part, section, floor or area used or to be used for apartment housing is assessed at 33⅓ percent of the estimated market value. (M.S. Sec. 273.13, Subd. 20)

Type I and Type II structures must be constructed of non-combustible materials such as steel, iron, concrete or brick. No wood can be used except permanent interior walls can be of fire retardant treated wood.

The lower statutory classification rates of 25 percent and 33⅓ percent are applicable to only that part of the structure devoted to apartment housing. Apartment housing shall include recreational and parking areas located within the structure used by residents of the apartment. Land should be classified at 40 percent.

Assessors are urged to contact building inspectors in their communities for assistance in confirming whether apartments are of Type I or II construction. If no building inspector is available and the assessor needs help, he should contact the Building Code Division, Room 408, Metro Square Building, 7th and Robert Streets, St. Paul, Minnesota 55101. The telephone number is 612-296-4639.

Here are some general comments relating to Type I and II buildings. The structural framework of Type I and II buildings must be of structural steel or iron, reinforced concrete or reinforced masonry. Walls and permanent partitions must be of noncombustible fire-resistive construction. Permanent nonbearing partitions which are not part of a shaft enclosure may consist of fire-retardant treated wood. Where wood sleepers are used for laying flooring on masonry or concreted fire-resistive floors, the space between the floor slab and the underside of the wood flooring must be filled with non-combustible material or be firestopped. Stairs and stair platforms must be constructed of reinforced concrete, iron or steel with treads and risers of concrete, iron or steel. Brick, marble, tile or other hard noncombustible materials may be used for the finish of such treads and risers. The requirements relating to roofs are varied but generally for apartments of Type I and II construction, the framework is of structural steel. Roof construction and roof covering is of fire-resistive and fire-retardant materials. Other special provisions, which require compliance, are made for compartmentation, fire alarm, fire detectors, voice alarm system, voice communication system, central control station, smoke control, elevators, standby power and light, exits and fire sprinkler systems.

Because the classification rate is dependent upon the number of stories, the definition of a story and grade becomes important. The Uniform Building Code's definition of a story and grade is as follows:

STORY — is that portion of a building included between the upper surface of any floor and the upper surface of the floor next above, except that the topmost story shall be that portion of a building included between the upper surface of the topmost floor and the ceiling or roof above. If the finished floor level directly above a basement, cellar or unused under-floor space is more than 6 feet above grade* as defined herein for more than 50 percent of the total perimeter or is more than 12 feet above grade* as defined herein at any point, such basement, cellars or unused under-floor space shall be considered as a story.

THE ASSESSMENT OF MOBILE HOME PARKS AS CONDOMINUMS

The Condominium Law has been amended to include mobile home parks. A part of a parcel of real property situated in a mobile home park upon which one or more mobile homes may be erected can be a condominium the same as buildings containing one or more apartments.

This means that each mobile home, together with its percentage of undivided interest in the common areas and facilities, shall for all purposes constitute a parcel of real property and shall be subject to separate assessment and taxation including special assessments.

Whether a mobile home park shall be a condominium is subject to review of the platting authority of the governing municipality or other governmental subdivision. (M.S. Sec. 515.01 to 515.29)

EXAMINATION OF LOCAL ASSESSOR'S WORK

Any county assessor who feels that a local assessor is not proceeding satisfactorily with assessments may give written notice to such local assessor advising him of the deficiencies. The county assessor can examine the appraisal records of each local assessor anytime after January 15 of each year. If the deficiencies are not remedied within 30 days, the county assessor is authorized to obtain the books, complete the assessment and charge the local unit of government for the costs of completion of the assessment. The county assessor needs the approval of the county board to collect the necessary records from the local assessor and complete the assessment if deficiencies exist. In cases where the county assessor does complete the assessment or employs others to complete the assessment, the local assessor thereafter resumes the assessment function within the district. The cost of an assessment of this kind is to be charged against the assessment district involved. (M.S. Sec. 273.064)

DELIVERY OF ASSESSMENT RECORDS

The local assessor is to complete his work in time to deliver the assessment appraisal records to the county assessor by May 1. If the local assessor fails to complete the assessment by May 1, the county assessor can finish the task and charge the assessment district for the cost of the work. The county assessor may grant the local assessor an extension of time to complete the assessment if such extension is approved by the county board. (M.S. Sec. 273.065)

The above two paragraphs do not apply to cities whose assessors have the powers and duties of a county assessor.

COMPLETING THE REAL ESTATE ASSESSMENT

Balancing Assessments

After the assessor has entered the market value of land, of buildings and of fixtures, if any, in the section of the property appraisal card entitled "Assessment Summary," and has determined the classification of the property with reference to homestead, agricultural or non-agricultural, commercial or non-commercial seasonal recreational or any other classification, he must balance each assessment. To balance the assessment, the assessor computes the assessed value and adjusts the market value to eliminate any remainder. All assessments must be stated in dollars without any fractions.

The test to determine balance is to multiply the assessed value entered in each percentage column by the number required to convert that percentage to 100%. Thus, the assessed value in the 20% column is multiplied by 5, in the 33⅓% column by 3, in the 25% column by 4 and in the 40% column by 2½ so that the product in each case equals the market value except when properties are assessed at 43% of the market value. In many assessments there are assessed values in more than one column. The total of the products of each multiplication should equal the total market value of the property. If the total of the products doesn't equal the total market value entered on the card, the latter amount should be adjusted to equal the former. Example: The total market value of an agricultural property classified as homestead is $16,900. The assessed value in the 20% homestead column is $2,400 assuming the homestead base value is $12,000. The assessed value in the 33⅓% column is $1,633. $2,400 multiplied by 5 equals $12,000. $1,633 multiplied by 3 equals $4,899. $12,000 plus $4,899 equals $16,899. Therefore, to balance the assessment the market value of $16,900 will have to be reduced by one dollar to $16,899. The market value of either land or buildings will also have to be reduced one dollar.

The importance of balancing the assessment on each property appraisal card will be realized when the assessment book itself must be balanced page by page and in the totals for the district.

Entering Assessments In The Assessment Book

Local assessors return their appraisal cards to the county assessor who makes all entries in the assessment

*GRADE—(Adjacent Ground Elevation) is the lowest point of elevation of the finished surface of the ground, paving or sidewalk within the area between the building and the property line, or when the property line is more than 5 feet from the building, between the building and a line 5 feet from the building.

book. After the assessment on each appraisal card has been balanced, the county assessor will enter the figures in the assessment summary on the appraisal card into the assessment book itself.

Check Land Descriptions Carefully

As the county assessor enters assessments in the assessment book, he should compare the land descriptions in the book with those on the appraisal cards very carefully. If any parcel of land is not clearly described or the description is erroneous in either the assessment book or the appraisal card, a correction should be made. To be legal, an assessment must apply to land described so that a man of ordinary intelligence can identify the land with reasonable certainty from the description given.

Any apparent mistake in the descriptions in the assessment book should be called to the attention of the county auditor who can make the correction. Descriptions on appraisal cards should be made to conform with those in the assessment book by the assessor.

Assessors and taxpayers alike should demand that property be described precisely so that tax receipts will show definitely the land on which taxes are being paid. A description merely reciting "Part NENW—19 acres" is indefinite and should not be used.

Balancing The Assessment Book

The county assessor shall foot each column in his assessment books, and make in each book, under proper headings, a tabular statement showing the footings of the several columns upon each page. He shall also foot the total amounts of the several columns under the respective headings.

To balance the pages in the assessment book the first step is to add each of the columns under "market valuations." The totals of the first columns should be added together and should equal the total of the last column which is for the total market value of the properties entered on the page. The second step is to total each of the columns under "assessed valuations." The totals of the first columns should then be added together to prove the total of the last column, which is the total assessed valuation of all assessments on the page. The third step is to multiply each of the totals of the assessed valuation columns by the appropriate number to convert the assessed value to market value. The last column is not to be included in this step. The products of each of the other columns added together should equal the total market value of property assessed on the page and shown as the footing of the total market value column.

After each page has been balanced the footings of each column are to be entered in the same column in the recapitulation sheets. The same procedure outlined above should be used to prove the recapitulation sheets and the totals for the assessment district.

The county assessor will not find much difficulty in this procedure if each appraisal card is balanced in the first place and care is exercised in entering all figures in the assessment book.

TAX LISTS

The county auditor makes out the tax lists according to the prescribed form for every assessment district. The tax lists are made out to correspond with the assessment books in reference to ownership and description of property. Columns for the valuation and for the various items of tax included in the total of all taxes consisting of the general tax and all special taxes are opposite each description. The county auditor calculates the mill levy required to raise the necessary amount of revenue on the assessed valuation of the property as determined by the state board of equalization. The tax lists shall be deemed completed, and all taxes extended thereon, as of October 16 annually. (M.S. Sec. 275.28, Subd. 1)

In counties employing electronic data processing, the county auditor shall prepare a record to be known as "Real Estate Assessment and Tax List for the year _____." In addition to the information provided for in section 275.28, subdivision 1, (paragraph above) such tax lists shall include the amount of market value of land, building and machinery, if any, and the total market value assessed against each parcel of real estate contained in such lists. (M.S. Sec. 275.28, Subd. 4)

On or before January first, in each year, the county auditor shall make and transmit to the Commissioner of Revenue, in such form as may be prescribed by the Commissioner of Revenue, complete abstracts of the tax lists of the county, showing the number of acres of land assessed; its value, including the structures thereon; the value of town and city lots, including structures; the total value of all taxable personal property in the several assessment districts; the aggregate amount of all taxable property in the county, and the total amount of taxes levied therein for state, county, town, and all other purposes for that year. (M.S. Sec. 275.29)

CHAPTER IV

RECOMMENDED APPRAISAL PROCEDURE

VALUATION OF LAND

Land Maps Necessary

Accurate and up-to-date maps are a necessity in real estate assessment work. Maps are available in many different forms and scales. The maps described here have been found to be useful and convenient. Every effort should be made to acquire or develop such maps.

Maps In The County Assessor's Office

The county topographical map required for all county assessment offices is developed from aerial photographs. Each office should have at least one set with the boundaries outlined of all parcels identified by parcel or code numbers. Aerial photographs at a 1/8 mile to one inch are available and are convenient to use. An extra set of aerial photographs can be cut into section maps for insertion with the assessor's appraisal cards, each section map preceding the appraisal cards for the section. Such maps are invaluable in measuring acreages of crop land, swamp, timber and other types of land, in pinpointing building locations and making comparisons.

In heavily urbanized areas aerial photographs, scale 200 feet to one inch, used with transparent overlays with printed plat maps of the same scale are more useful not only for land assessment but for identification and comparison of buildings.

Geodetic quadrangle maps available from the U.S. Department of Interior, for a part of the state, are inexpensive and invaluable in rural land assessment. Detail on these maps includes land elevation shown on contour lines. All physical features are accurately mapped.

Soil Survey publications are available for the following counties* in Minnesota. Copies of those county reports available may be obtained in one of several ways. Some of the ways are:

1) Request from the Soil Science Department, University of Minnesota.
2) Request from the local County Office of the Soil Conservation Service.
3) Request from the local County Extension Agent.
4) Purchase from the Superintendent of Documents, U.S. Government printing Office, Washington D.C. 20402.
5) Request or purchase from Bulletin Room, Coffey Hall, St. Paul Campus.

Status of Soil Survey Reports in Minnesota — October 1974

County	Availability	Date Published
Anoka	Field remapping completed—to be published in	1975
Benton	Field remapping complete—to be published in	1975
Blue Earth	Field remapping complete—to be published in	1975
Brown	Available from state source only	1951
Carlton	Field mapping complete—to be published in	1975
Carver	Available	1968
Crow Wing	Available (part detailed, part reconnaissance)	1965
Dakota	Available	1960
Dodge	Available	1961
Douglas	Field mapping complete—to be published in	1974
Faribault	Available	1957
Fillmore	Available	1958
Goodhue	Field remapping completed—to be published in	1975
Hennepin	Available	1974
Houston	Available from state source only	1921
Hubbard	Available	1930
Isanti	Available	1958
Jackson	Available from state source only	1923
Kanabec	Available (part detailed, part reconnaissance)	1939
Lac Qui Parle	Available from state source only	1924
Lake of the Woods	Available (reconnaissance map)	1926
Le Sueur	Available	1954

County	Availability	Date Published
Lincoln	Available	1970
McLeod	Available	1955
Mille Lacs	Available from state source only	1927
Mower	Available from state source only	1955
Nicollet	Available	1956
Nobles	Field mapping completed—to be published in	1974
Norman	Available	1974
Olmstead	Available (limited supply from state source)	1923
Pipestone	Field mapping completed—to be published in	1975
Pope	Available	1972
Rice	Field remapping completed—to be published in	1974
Rock	Available	1949
Roseau	Available	1942
Scott	Available	1951
Sherburne	Available	1968
Steele	Available	1973
Stevens	Available	1971
Swift	Available	1973
Wabasha	Available	1965
Wadena	Available from state source only	1926
Waseca	Available	1965
Washington	Maps only available	1944
Wright	Available	1968
Winona	Available from state source only	1943

*No information available on the counties not listed.

The county assessor should familiarize himself with the names and characteristics of each soil type found within his county. Land value comparisons between townships and counties can be more precise when reference is made to soils by name. Value varied according to soil capability when an accurate classification of soils is available is not only equitable but is more acceptable than values based purely on opinion without substantiating facts. In many of the counties not listed above, soil surveys of large areas within the counties are available in the County Soil Conservation office.

Soil surveys may be used effectively as an aid for assessment purposes. The soil maps and crop equivalent ratings provide a means of evaluating the physical productivity of various tracts of land. These productivity ratings usually give excellent correlations with the dollar value of agricultural land, as measured by sales price per acre.

In addition to the detailed maps described above, the county office should be equipped with a complete set of printed township and city maps. Where rural plat books are available in recent editions, these are a good source of township maps. City maps in a scale of 200 feet to one inch are available at the Minnesota Department of Transportation. Excellent plat maps are available in some municipal offices. Some of the printed maps available require the addition of recently platted subdivisions to make them complete. Additional detail including new plats, unplatted land divisions and divisions of platted lots should be added to these maps. Parcel numbers from the assessment records should be placed on those parcels on the map not readily identified by lot and block numbers. The usefulness of any map is increased tremendously when the assessor can refer to the parcel number on the assessment card and find that same number identifying the parcel on the map.

Township Maps

The township assessors should be equipped with section maps made from the aerial photographs and inserted with his appraisal cards. A soil type map prepared from soil survey information should also be included. In addition to these, the township assessor will need a township map, preferably one similar to those found in plat books where the name of the owner is shown on each parcel of land, plats outlined, and roads, building locations, streams, lakes and other physical features shown. This township map should be on a smaller scale than the section maps, preferably not greater than ¼ mile to one inch. The location of plats and small parcels can be shown. In townships where platted subdivisions are found, the assessor should be furnished with separate maps of these subdivisions. Standardization of the scale of subdivision maps is desirable. A scale of 200 feet to one inch is the minimum size that should be used. Inserts of these plat maps with the appraisal cards in the appropriate place makes convenient reference possible.

City Maps

The use of land maps by city assessors is imperative if assessments are to be consistent and uniform. Land maps on the scale of 200 feet to one inch are adequate for residential and undeveloped areas of the municipality. Unplatted lots or parcels described by metes and bounds should be outlined on the map and identified by the parcel number in the assessment book. An additional map should be available for business districts. A scale of fifty feet to the inch permits notations on the map for each parcel. Lots in business districts are often divided in various ways. These divisions should be drawn on this large scale map and the parcels identified by parcel number and by any well known identification that might be meaningful. A convenient and useful supplementary map is the block map which can be inserted with the appraisal cards for each respective block. These maps should be made on the same scale as the business district map.

Valuation of Farm Land

Uniformity and equality in valuation and assessment of farm lands demand thorough consideration of every element and factor affecting such value.

The first step toward the goal of uniformity is a set of clear cut definitions of each of the various types of land found on each farm. Included in such definition should be the basic details of soil information.

The following uniform set of rules to determine farm land types should be used by all assessors as a guide:

Land Classification

Tillable land includes all land that is suitable for cultivation whether it is presently cultivated or not. Land which has been cultivated but is now in meadow, pasture, soil bank, orchard, windbreak, and building site still retains the tillable status and should be so classified. The land in each farm should be placed in the following categories:

Tillable A 0 - 2% Slope
Loam, clay loam, sandy loam, and some kinds of peat which have high production potential for commonly grown crops in the area. This land is naturally well drained but internal drainage may be facilitated by tilling. This is the best land on the farm. No erosion problem.

Tillable B 2 - 8% Gently sloping
Light loam, sandy loam, and some inadequately drained peat soils. This soil has a productive capacity below tillable A, but will grow all crops common to the area. Internal drainage is somewhat of a problem, with slight erosion in some cases.

Tillable C 8 - 15% Gentle to strong slope
A variety of soils or poorly drained peat. Will grow the same crops as A or B with slightly lower productive capacity than B. Stones, hills, and erosion may present problems which limit productive capacity.

Meadow and Pasture Variation in slope
Lands that are too rough, stony, wet, droughty, or subject to flooding and erosion to produce satisfactory tilled crops. This land is suited only to production of hay, grasses and legumes. Cut over lands may be included in this classification.

Timber or Woodlot Variable slope
Land with a high percentage of trees, either natural or planted. Land that is too rough, stony, or wet to support any vegetation other than trees.

Wasteland Variable slope
Land which may be mostly under water, or consists of rocky hillsides, and produces little if any income and has no use except possibly by wildlife.

Roads
All dedicated public roads are granted by easement for public use and are exempt from taxation.

Lakeshore Land Valuation

The value of lakeshore property relates to the amenities of its location on waters suitable for recreational uses such as boating, swimming, and fishing and from the character or surrounding land which may be in a natural state or devoted to recreational and vacation uses. The accessibility of the property by good roads and highways and the distance to population centers are also significant factors affecting lake property. The best approach in appraising lakeshore land is first to analyze recent sales of vacant lakeshore lots and improved lots. Evidence of market values gained through a study of sales should be combined with information about the comparative desirability of different lake locations as indicated by asking prices, offers, and by the opinions of persons dealing in this class of property. The county assessor is in the best position to develop lake frontage value guides for use by the local assessors. The local assessor guided by the information provided by the county office and by his own knowledge and observations can then determine the value of individual lots by taking into account topography, elevation, kind of beach, accessibility, size of lot, character of surroundings and other factors affecting the relative value of lots in a given area.

The difficulty of accurate appraisal of cabins during the absence of owners should encourage the assessor to devote particular care in appraising land. Each lot should be viewed and its characteristics noted. Since the frontage on the lake is most significant, additional depth (distance back from lake front) beyond that normally required for building sites counts for very little in added value, the assessor should observe this in making the assessment. Undeveloped lakeshore land is worth substantially less per front foot than developed lots otherwise quite similar. The cost of roads, clearing brush, grading, surveys, platting, and the expense of

holding the same during the time required for development and sale accounts for the lower price per front foot that undeveloped land in large tracts will bring in the market. The assessor should consider the state of development of such land at the date of assessment in making his determination.

Residential Lots

The assessment of residential lots should begin with an intensive study of sales of vacant lots and an analysis of the influence of location on prices of improved residential property in recent sales. The city land map should then be divided into residential neighborhoods or districts according to common characteristics or similarities. From his study and analysis of residential property sales the assessor should be able to rate each district from the standpoint of relative desirability and advantages. Advice from persons well informed in real property values can be invaluable. Knowledge of the residential districts in the municipality is a prerequisite to good judgment in determining land values.

The presence of public improvements such as improved streets, sewer, water and other facilities should be indicated on the land map. Some areas may be without any or all of these services and therefore have lower land values.

Determining Values on Individual Lots

After the assessor has determined the relative value of residential locations by neighborhoods and within neighborhoods he can set up the front foot value ranges within which individual lots will be valued. Rating of blocks within neighborhoods should precede the application of front foot values to individual lots. Before noting the front foot value of each lot on his land map, the assessor must actually view each lot and block. In so doing, he should note the characteristics of the lot and its surroundings on the map. The grade of the lot above or below street level should be shown in feet. Any special advantages or influences adverse to the value of the lot should be noted precisely.

Occassionally, lots found between residential properties are too narrow to permit construction on them. Such lots not adequate for a home site should be discounted in value. The same is true of unusually large residential lots that do not conform in size to other lots in the neighborhood and cannot be divided. When a residence is centered on such a lot, the excess land area can not readily be separated and market value per front foot or on an area basis will be less than surrounding land.

Value of Business Lots

The valuation of business blocks and lots is more complex and requires extensive study of the business district, the location of the various kinds of retail, financial and service enterprises and the relative rentals earned by different locations. Since most, if not all, lots are already improved with buildings or other structures and a sales price of a parcel of land in a business district is seldom indicative of the value of other land in the area, the assessor can not count on vacant lot sales as a basis for values. All sales of properties, improved or otherwise, should be analyzed thoroughly first of all to determine whether the sales price represented full market value and was not affected by considerations not related to the real property value, and secondly to estimate the portion of the price attributable to the land itself. Another method of determining land value is to determine the net property income of entire properties, deduct the income required by the improvements and capitalize the balance attributable to land to determine its value. This approach is the most exact but requires skill and knowledge. Texts on this subject are available and should be thoroughly studied by the assessor before any attempt is made to apply this method.

A readily workable approach to business lot land value is to rate blocks and lots within blocks according to the relative desirability of locations. The retail district ordinarily carries the highest land value. Financial locations or districts may equal or approach these values. Service industries, and small shops are usually located on less valuable land. Land in wholesale and industrial districts is ordinarily worth substantially less than these other locations.

Land in Shopping Centers and Highway Locations

In recent years the preeminence of the central business district has diminished with the dispersion of retail and service business to shopping centers and to highway strip developments. Although the central business district will still carry the highest land values, successful shopping center and highway business locations may be relatively high in value. Recent sales of land, more numerous in outlying locations, can be used as a basis for these land appraisals. The enhancement of values that results from successful development of new commercial centers should, however, not be overlooked. Volume of business and resulting rentals are the economic factors determining the value of such locations. Again the assessor will need to acquire rental information and data on volume of business of comparable enterprises to develop the correct relationship in business land values. Consultation with realtors, mortgage loan agents, bankers or retail business organizations about comparative land valuations is important to a well founded assessment of urban land of this kind.

Corner Influence on Lot Values

Formerly of great importance the advantage of locations on street intersections has diminished or become significant to special uses only. Corner location is not particularly advantageous in a shopping center, but may in fact be disadvantageous where distance to the center of a parking area is greatest from such location. Service station locations on street and highway

intersections retain advantages that add value to land adaptable to such use.

In the central business district, corner locations offer such advantages as additional window display space, better business sign locations, greater street accessibility and more outside light and air to hotels and office buildings. The location of parking lots and ramps may, however, offset some of these advantages. The amount of the added land value attributable to location on street intersections will have to be determined for each corner in each intersection on the basis of the importance of the advantages found. In large cities the influence of the corner advantages may extend beyond the corner lot. As a general rule, however, the advantages are limited to the site area required for the best use of the corner location.

In industrial and wholesale districts, and in residential areas, the corner lot location is advantageous only where congestion makes additional light, air and street access important factors. Generally, however, disadvantages are found that offset advantages and no additional value can be ascribed to these locations particularly in newer residential districts.

Depth of Lots as a Factor in Valuation

The importance of accessibility to streets and conformity of building locations on lots cause the value of lots to concentrate in the direction of the street. As distance increases from the lot front the value of land per unit of area diminishes. The extent and degree of this diminishment has led to adoption of "depth" tables as a uniform plan to modify value in recognition of depth variations from standard "depth." By "depth" is meant the distance from the front to the back of a lot. Standard depth is the usual lot depth in a given district.

Simple Depth Rule — 4-3-2-1

A simple rule easily memorized, known as the 4-3-2-1 rule for appraising lots shorter than standard depth lots, uses one quarter intervals. The front quarter is worth 40% of the standard lot; the second quarter 30%; the third quarter 20%; and the rear quarter 10% of the full value of the standard lot.

If a standard business lot is 120 feet in depth and its value $5,000, the depth rule would apportion value as follows:

Front	30 feet, 40% of value, or	$2,000
Second	30 feet, 30% of value, or	1,500
Third	30 feet, 20% of value, or	1,000
Fourth	30 feet, 10% of value, or	500
Total		$5,000

Depth in addition to a standard depth has a diminishing value per unit of area unless an alternate use or adaptability exists. Thus additional depth without adaptability for other use may diminish in value according to the following rule:

For the 1st quarter beyond the standard size, add 9%
For the 2nd quarter beyond the standard size, add 8%
For the 3rd quarter beyond the standard size, add 7%
For the 4th quarter beyond the standard size, add 6%

When the additional depth is adaptable to division for a separate use and this adaptability makes it more valuable than as a part of the entire parcel, the higher value must be considered.

Depth Tables and Rules Not Always Applicable

Industrial land, sites of shopping centers or of large business establishments, and other land used for purposes requiring extensive space is commonly valued through use of square foot or acreage unit values. Street frontage is relatively insignificant compared to other factors such as highway accessibility, trade area and population characteristics, parking space, utilities, etc., to the value of such tracts. Approach to value by the assessor in the same way as by owner, users, buyers and sellers of a given class of property is sound and realistic and to be recommended.

BUILDING VALUATION

Buildings Worth Only Their Enhancement of Land Value

Real estate comprised of land and buildings is bought and sold as units. Each unit or parcel of land with buildings or other improvements as a part of it usually has greater value because these buildings are present. The value of these improvements is equal only to the difference between the value of the improved parcel as a whole and the amount the land would be worth bare. Buildings are not worth more than they add to the value of the land.

Since land and its improvements is looked upon as a whole in the market, and value is determined for the entire property, the appraisal of land and buildings separately must take into account the value of the two together. Furthermore, since buildings are fixed in location their value is inseparably intertwined with the value of the land on which they are located. In assessment work the value of each of the two, however, must be shown separately. Nevertheless, the total of the two values should not exceed the value of the property as a unit.

Building Depreciation

To make sure that buildings are properly valued as integral parts of land, we first appraise land by itself on a uniform basis as has been described. To the land values determined are then added the amounts by which buildings increase these values. If we think in terms of costs of buildings we will quickly note that (1) buildings do not add more than their present day cost to the value of land and (2) buildings usually add less than this cost to the value of land. This difference is building

depreciation which arises from many causes broadly classed as physical deterioration, functional obsolescence, and economic obsolescence.

Depreciation or loss in value does not occur mathematically, therefore uniform rates of depreciation such as are used for accounting purposes can not be used in building appraisal. Some forms of depreciation are immediate in their effect, others occur gradually. Physical damage may be sudden or gradual. Economic obsolescence may be extensive in a brand new building. Whatever the cause depreciation must be accurately recognized by the assessor if he is to correctly determine the value added by buildings to land. The net value of any building is its replacement cost less depreciation from all causes.

Physical Deterioration

Physical deterioration develops from use of the building and from the action of the elements on the building. It is caused by wear and tear or may be due to poor design or materials. Certain parts of buildings deteriorate more rapidly than others and are replaced from time to time. Other parts with proper protection from elements are nearly permanent. Although age is associated with physical deterioration, any attempt to relate building deterioration directly to age is unrealistic. The use of depreciation tables or annual rates leads to erroneous valuations even in measuring loss from this cause. Curable deterioration is measured by the cost of repairing or restoring deteriorated parts. Examples are the replacement of a roof, resurfacing floors, rewiring or replacing worn out mechanical equipment. Incurable deterioration is illustrated by failure of basic structural parts that can not be economically repaired or replaced. The effect of such incurable deterioration is measured by giving consideration to the effect on the utility of the property and the estimated remaining life of the improvement. In appraising buildings, the assessor first considers physical condition before estimating other forms of depreciation.

Functional Obsolescence

Functional obsolescence develops from changes in the requirements and uses of buildings and from the development of new and more desirable designs, types and styles of construction. A building originally suitable for its purpose may have become inadequate because its function can be better or more economically performed by a building of different design. A building elaborate in construction, built of expensive materials that add nothing to the utility of productivity of the property has functional obsolescence which is equal to the difference between cost of adequate construction and the cost of superfluous features.

Residential buildings generally have less functional obsolescence than farm, commercial and industrial buildings. Such items as excessive ceilings, outdated and currently undesirable decorative features, old style kitchens and bathrooms, inadequate closet space and undesirable room arrangements are examples of functional inadequacies in dwellings. Cost to cure by remodeling is indicative of extent of value loss but may be greater depending on degree of acceptability of existing conditions.

Farm buildings, oversize for the farm operation, of excessively expensive construction or materials, poor design, outdated by improved modern designs are common examples of farm buildings suffering functional obsolescence.

Examples of severe functional obsolescence in commercial buildings are excessive ceiling heights, second and third floors designed for office or residential use presently vacant or unprofitably used, excessively costly construction and excessive size.

The loss in value of such buildings from functional obsolescence may include the useless portions in their entirety, plus cost of remodeling any features that can be corrected.

Economic Obsolescence

Economic obsolescence is loss in value resulting from influences outside the property itself which affect the use or degree of usefulness of the building. Economic obsolescence may be immediate as happens when new buildings are mislocated. Economic obsolescence may develop in residential buildings from a change in the character of neighborhoods or in business buildings from changes in the living habits or in the general economy of the community. Economic obsolescence is found in farm out-buildings erected to serve a special purpose which no longer exists. Large unused dairy barns in areas presently devoted to cattle feeding and grain production have lost value from economic obsolescence. Sets of farm buildings on small farms merged into larger units have lost their value from this cause. In fact, all farm buildings, new and old, suffer economic obsolescence to a substantial degree as is shown in sales of farms in which additional value to the extent of cost of buildings is seldom found.

Commercial properties affected by economic obsolescence include movie theaters that can not be operated profitably due to television competition, motels, drive-ins and service stations on former highway locations by-passed by new highways, and overbuilt shopping centers in communities without sufficient trading population.

Economic obsolescence is severe in industrial plants idled by foreign or domestic competition, dairy plants closed in centralizing programs or in any plant adversely affected by changes in freight rate structures, changes in raw material supplies, loss of market or that are poorly located through misjudgment in the first place.

Economic obsolescence in residential property may be caused by an over-supply of housing as a result of loss in

population, by changes in neighborhood characteristics adverse to residential desirability and by encroachment of commercial and industrial development.

Method of Appraisal of Buildings

All methods of appraisal involve first of all the determination of land value, and secondly, the determination of the amount added to land value by buildings. Three approaches to the value of real property are commonly used. These are the cost approach, the comparison or market approach and the income approach. Each approach is intertwined with the other approaches to some extent. In each approach building depreciation is measured differently, however. As a practical matter, the assessor can not devote the time necessary to make detailed appraisals involving all three approaches to value for every real property assessment. It is necessary, however, for the assessor to be familiar with each of these approaches as he will be utilizing variations of the approaches most adaptable in making his assessments.

The Cost Approach

In the cost approach an appraiser determines the value of land first by examining sales of comparable land to determine its cost in the market. He then estimates the cost of reproducing the building and deducts from that amount the loss in value caused by physical deterioration, functional obsolescence and economic obsolescence.

The loss from physical deterioration and functional obsolescence is the estimated cost of curing curable defects or deficiencies plus the estimated extent of loss in utility and remaining useful life of the building, due to incurable defects. In this approach economic obsolescence is observed and estimated according to the way it strikes the property; if a loss in rental income or occupancy is the result, the extent of the loss in value is the capitalized loss in income; if excess space is the result, this space is discounted down to its value for some other likely use; or if a loss in salability or desirability is the result of the economic influence, this loss is measured by judgment based on comparison with properties that have sold.

The Comparison or Market Approach

The comparison or market approach involves a detailed comparison of the property being appraised with properties that have sold recently in arm's length sales. All differences, minor and major, are enumerated and rated according to the judgment of the appraiser. The value of the property being appraised is thereby related to the sales prices of comparable properties that have sold. Depreciation in this approach is not measured by the appraiser. The result of his appraisal is market value in which all depreciation has already been determined by the market itself.

Income Approach

The income approach involves the use of property income in measuring value. The net income attributable to the property is capitalized by a rate determined in the market place. The appraiser observes the relationship of net property income to market prices of properties that have sold. Or in the absence of sales he studies the rates of interest required by investors in real estate. The relationship of net income to market price, or of the average rate of return required by investors (first mortgage, second mortgage, and equity holders) is the capitalization rate which may range from 5% to 20% according to location and type of property. The income approach lends itself best to the appraisal of property ordinarily rented to the user, but may be applied to other commercial property, also.

The income approach may be followed in several ways. One is to determine the fair net income of the property and divide this income by a capitalization rate to arrive at a total property value for both land and buildings.

A second method known as the building residual method consists of determining first the value of the land on the basis of sales of comparable lands and deducting that part of net income of the property required by the land value and then capitalizing the remaining income to find the building value. In this procedure the capitalization rate on land will be low because land ordinarily does not lose value over the years. The capitalization rate used on the remaining building income, however, must take into account depreciation or capital recovery in addition to a return on the investment. This method lends itself best to assessment procedure where land values are usually determined first.

A third method of income capitalization is referred to as the land residual method. This method is used to determine the value of land or its best use. Usually a new building is involved. The cost of the new building is determined and the amount of net income required to cover building depreciation and return on investment is deducted from the estimated net income of the entire property. The remaining income which is attributed to land is capitalized at a rate representing interest only, to produce the estimated value of the land. In this method building value is known and land value unknown. In the building residual method land value is known and the building value unknown. Depreciation as such is not estimated by the appraiser in this approach. The income itself accounts for depreciation. All the appraiser must determine with reference to depreciation is the estimated remaining productive life of the buildings so that he can allow for capital recovery (depreciation) in his capitalization rate. In this he does not concern himself with measuring existing depreciation.

Theoretically, each approach to value if accurately carried out should give approximately the same answer.

In professional appraisals of property each approach is used in an effort to cover all factors and considerations affecting the value of a given property. In assessment work a mass appraisal project is encountered that must be carried out at a minimum cost. An assessor fully aware of the technical methods of appraising property must choose a practical and workable method that will permit him to get his work done within the means provided. The procedures recommended for use by the assessor are recommended with this consideration in mind.

APPRAISAL CARDS

Appraisal cards should be used in appraising real property for assessment purposes. These appraisal cards are specialized. Different appraisal cards are used for appraising different types of property such as residential, lakeshore, agricultural, commercial and industrial and exempt property. Use of these appraisal cards will permit the assessor to record all important information about each property and help avoid oversight. The appraisal cards should be used in the field and all detail entered neatly and legibly so that they may serve as permanent records.

When accurate and complete these appraisal cards are invaluable in comparing and correcting or in explaining and defending assessments. The county assessor must of necessity rely on these appraisal cards in determining and entering assessments in the assessment book. Boards of review and equalization need these appraisal cards in considering complaints or objections. The work of the assessor will be judged to a great extent by the accuracy and comprehensiveness of these appraisal cards.

FARM BUILDING APPRAISAL

When each parcel of land has been appraised and notations and land values are entered on each appraisal card, the assessor must consider and estimate the amount to be added to land value by buildings on the land. To accomplish this in a consistent and efficient manner requires a systematic approach:

1. Arrange the appraisal cards for lands with buildings in the order in which you plan to cover your area.
2. Carry the appraisal card on a clipboard as you view and measure each building noting all details on the spot.
3. Give the farm house a thorough examination as it is generally the building most important to farm value. Measure exterior, view basement and each floor, and note all items in spaces provided on the back of your card. In measuring the exterior the assessor should measure all around the house to avoid missing projections or recessed areas.
4. Each farm building in turn should be viewed and measurements, construction detail and condition noted as shown in the convenient check-off on the back of the appraisal card. Buildings without value should be identified on the appraisal card even though no value is added for them.
5. Then assessor should estimate the value of each structure. First he should compute the ground area covered by each building by multiplying its length by its width. Its area is then multiplied by the net value per square foot to get the building value.

Net Value Per Square Foot

Needless to say, use of the right value per square foot is the key in this procedure. The unit value should represent market value which is value after depreciation has been deducted. Schedules of market values per square foot are necessary for mass appraisal of farm buildings. These schedules must be developed to reflect local costs and economic conditions which affect depreciation. The first step in preparing such schedule is to determine replacement costs of representative farm buildings. The Minnesota Building Appraisal Manual will be helpful. Better, however, are actual costs and sizes of new farm buildings in your own area of the state — costs reduced and expressed in costs per square foot. From these actual costs per square foot, estimated replacement costs of other typical buildings can be worked up by comparison of building details.

When typical building costs have been prepared, depreciation expected to be found will have to be estimated and deducted to produce market values representing value added to land. Although each farm is unique in itself with its own peculiarities and variations and even though one must recognize that the same building is not worth the same in different locations, the magnitude of the task confronting assessors demands efficient and quick methods be used. One may note that functional obsolescence found in a particular type of building will follow the same type in different locations. Furthermore, economic obsolescence of farm buildings on operating farms will be similar for given buildings in a given area. Physical deterioration may also be spoken of as normal in buildings of given age and materials. In view of this it is possible to develop a schedule of market values per square foot (net values) for typical farm buildings of varying types and ages. Such a schedule will be convenient as a guide and invaluable in developing consistent assessments, provided it is based on accurate market and cost information. The assessor must, however, be quick to recognize the deviations from normal deterioration or obsolescence. The far heavier economic obsolescence of numerous out-buildings on small farms, for example, must be recognized by dropping below the market values in the schedule. These deviations remain, however, to be recognized in the field.

In appraising farm buildings the assessor should observe the following rules:

1. Consider the size of the farm unit in valuing farm buildings.

2. When comparing buildings on farms, do not overlook location.
3. Consider the contribution of each building as a part of the farmstead to the value of the farm unit. Surplus buildings add little to the value of the farm.
4. Consider the conformity and adequacy of each building to the kind of agriculture economically carried on in the area.
5. Systematically consider the reduction from replacement cost due to physical condition, to loss of utility, and to economic change.

A further word about economic obsolescence of farm buildings is in order. Farm residences, well located, will be found generally with less depreciation from this cause than out-buildings. Among the out-buildings those most suited to the farm and farming area will have less loss from this cause than extra buildings not essential to the operation but merely convenient. Economic obsolescence is the most severe cause of depreciation in farm out-buildings. Its extent, although not precisely known, may on the average exceed 50% of replacement cost even in new out-buildings.

Appraisal of Residences in Urban Areas

Mass appraisal of dwellings may be done accurately through a combination of the cost and market approaches to value. New dwellings may be appraised on the cost basis by use of unit values developed from actual construction costs of dwellings of various types and sizes. Older dwellings, suffering from depreciation, may be appraised on a comparative or market basis through use of unit values developed from sales analyses of representative residential properties. Unit values derived from actual sales reflect depreciation realistically and conveniently. This method has a great advantage in its simplicity.

Mass appraisal of residential buildings involves, one, the preparation of unit value (square foot) schedules or guides, and two, the inspection and appraisal of all residences.

Value Per Square Foot

Costs per square foot, which in the case of new residences may be used as values, can be developed from the Minnesota Building Appraisal Manual. Such costs must include architect's fees, overhead costs, sales expense and builder's profit to be realistic.

Since new homes in most instances add their cost to the value of the lots on which they are situated a schedule of unit costs covering all representative dwellings is entirely adequate to accurate appraisal of all new homes except those adversely affected by their location. These are homes that may be overbuilt for their neighborhood or may be adjacent to industrial or commercial establishments or any other activity that makes the location undesirable.

Older homes are affected to an important extent by depreciation caused by deterioration and functional obsolescence. Instead of estimating replacement cost and determining depreciation to arrive at market value of such dwellings, a more workable method is found by use of unit values based on sales of typical homes of various ages, styles and sizes. The use of a square foot value based on sales prices goes directly to market value since depreciation from all causes has been eliminated or accounted for in the sales.

Care must be exercised in developing these square foot values. Those sales that include outside considerations should be avoided. These include trades, family sales, forced sales, sales on long term contracts for deed with low down-payments and any other sale not likely to show true market value. Residential sales used for this purpose should be recent and should be verified with reference to price and market circumstances. The value per square foot shown by the sales price is found by subtracting the estimated value of the land of other buildings on the land and dividing the balance of the price by the square foot area of the dwelling itself. Example: Two story, frame, colonial home modern and in good condition with 13' x 22' garage in good condition and on a lot 60' x 120', no adverse factors noted in location, sale was bona fide and recent.

TOTAL PRICE		$40,000
LOT VALUE	$ 5,500	
GARAGE VALUE	$ 2,500	$ 8,000
PRICE ASCRIBED TO DWELLING		$32,000
DWELLING = 1,554 SQUARE FEET		
DWELLING VALUE... $32,000 ÷ 1,554 = $20.60 PER SQUARE FOOT		

$20.60 represents the sales price per square foot of this dwelling. If this price is substantiated in the judgment of the assessor by values developed from other sales, this figure can be said to represent market value per square foot of this type and size of improvement in comparable locations. The replacement cost of this home might be $27.50. The difference between that cost and $20.60, approximately 25% of cost, represents depreciation measured and reflected in the market.

Application of Unit Values to Dwellings

When the assessor has developed a schedule of unit values for dwellings representative of the ages, sizes and types found in his community, he is ready to appraise all dwellings in his district. Appraisal cards should be used and all detail called for by the cards completed as the assessor proceeds to view and appraise each property. Examination of the interior including the basement and second floors and a trip around the house while measuring the exterior are absolutely essential to accurate information. When the assessor has examined the property and computed the square foot area of the house and other buildings, he is ready to refer to his

schedule and apply the appropriate unit value. At this point he should give consideration to unusual deterioration, functional faults, or adverse outside influences. The reasons for any change from the unit value should be noted on the card for future reference. Then the assessor should complete his computation, add the building value to the value of the land and consider and review in his own mind the reasonableness of the total value.

In measuring residential improvements the assessor should use the building diagram space on the card to draw in the outlines and to show the length of each line (measurement). Measurement of all sides of a building serves as a safeguard against error and oversight of projecting or recessed areas.

Commercial and Industrial Improvements

The value of this class of improvements is associated very closely with productivity, income and the adequacy of the improvement to its use and location. Buildings that are entirely suited to productive use will show little depreciation other than such physical deterioration that may be observed. Replacement cost will readily serve as a basis for appraisal of such buildings. Unfortunately, few commercial buildings are in this category. Many do not fill their use perfectly and are obsolete by reasons of poor location or unsuitability for present use and adaptability. Since economic conditions change rapidly many buildings well planned and located for their original purpose, are presently used for purposes for which they are not ideally suited.

The heaviest impact of obsolescence is on special purpose buildings outdated by change. Examples are closed creameries, vacant theaters, old gas stations, vacant industrial buildings of unique design, and other buildings that can not be revamped for profitable use without exorbitant expense.

Cost Basis Ordinarily Used

Although the cost basis is ordinarily used in mass appraisal of this class of buildings, the problem of determining depreciation accurately is extremely difficult. References must be made to such bona fide sales as may be found and to comparative income of rental properties. In estimating depreciation through the examination of property sales, the assessor must be careful to avoid sales that are forced sales or even disposal sales. The market for certain kinds of commercial and industrial properties is extremely limited. Quite a few commercial sales are made to the only available buyers who are persons in the business of buying for resale. In a sale between an owner willing to sell but not anxious to sell and an interested buyer, depreciation will be shown in the difference between the selling price attributable to the building and the replacement cost of the building. The amount of this depreciation will enlighten the assessor, but may not be conclusive as to depreciation in other buildings. All differences in locations, time of sales, and building features must be accounted for before findings are applied to other buildings.

Income Capitalization

The most accurate basis for comparison of business district buildings is building income comparison. This method should not be used until it is thoroughly understood. Some points to be observed before comparisons are made are:

1. Current market rents must be used instead of contract rents which may be based on old leases.
2. The expenses to be deducted from gross rent must not include interest, payments on principal, remodeling cost or any other capital expenditure.
3. Real property taxes should not be deducted from the rent but taken into account in the capitalization rate.
4. Since an appraisal of this type is based on future return, the prospects of continued occupancy must be considered.
5. The capitalization rate should not be arbitrary but should be based on prevailing market conditions, more specifically, the ratio of income to price found in sales of comparable properties.

   Note: This ratio covers capital recovery, and taxes if the latter are not deducted from income.
6. The income required by the land should be deducted before an attempt is made to determine the building value.
7. The capitalization rate for the building is applied to the balance of the income. This rate should include rates for capital recovery and for taxes.
8. The rate for taxes should be based on the present mill rate multiplied by the statutory classification percentage and by the assessment level (assessment ratio). Example: 100 mills x 40% x 100% = 4%.
9. The rate for capital recovery is 100% divided by the estimated remaining useful life of the building. (Remaining economic life, not physical life.)

Example of Capitalization of Income to Determine Building Value

A commercial property rents for $10,000 per year. The tenant pays for all utilities and interior maintenance expenses; the owner pays for building insurance, outside repairs and taxes. The owner's net return before interest and taxes is $9,000 per year. Taxes in the community are 3% of market value on equalized assessments. The estimated return on downtown land is 5% and on comparable buildings 8%. The land on which the

building stands is worth $25,000. The computation of value is as follows:

Net rent before taxes and interest	$ 9,000
Income required by land 5% + 3% = 8% $25,000 x 8% = ...	2,000
Net return to building	$ 7,000
Estimated remaining useful life of building 25 years	
Building capitalization rate is:	
4% for capital recovery	
3% for taxes	
8% for return on investment	
15% total; $7,000 ÷ 15 = $46,666	
Building value is estimated to be	$47,000

All depreciation is accounted for in this value. Functional and economic obsolescence are fully reflected in rental income which is affected by existing depreciation. The expense of maintenance and remaining economic life also take into account depreciation.

In appraising commercial properties, the assessor must thoroughly examine buildings and other land improvements. All detail, including rental information, should be noted on the special appraisal card designed for this purpose. Particular attention should be given to totally, partially, or uneconomically used areas. Comparative condition, convenience of use, modernity of features such as elevators, entrances, and fronts should be observed. By making himself well informed in all particulars, the assessor will develop judgment of values indispensable in any procedure used in appraising.

CHAPTER V

THE ASSESSMENT OF PERSONAL PROPERTY

GENERAL

Even though a great deal of personal property is now exempt by reason of the Class 3 exemption, assessors should nevertheless pay careful attention to those items of personal property which are still taxable and proceed to assess them in a proper and equitable manner.

All personal property is taxable except that which is by law exempt from taxation. (M.S. Sec. 272.01, Subd. 1)

As a result of legislation in 1971, most of the personal property in Class 3 and all the property in Class 3a (agricultural products in the hands of the producer) and Class 3j (personal property owned by a petroleum refinery) was exempted from ad valorem taxation. The election afforded to taxpayers to have either inventories [category (a)] or tools and machinery [category (b)] exempt, as provided by the Tax Reform and Relief Act of 1967, was eliminated. This meant taxpayers were totally exempted with respect to all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in Section 272.03, Subdivision 1 (c) (this is the third paragraph in the definition of real property.)* However, tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings are to be assessed as fixtures to real property in Class 3 at 33⅓% of the estimated market value. (M.S. Sec. 272.02, Subd. 1 and M.S. Sec. 273.13, Subd. 4)

LISTING AND ASSESSMENT OF PERSONAL PROPERTY

Personal property subject to taxation is to be listed and assessed annually with reference to its value on January 2. (M.S. Sec. 273.01)

M.S. Sec. 273.22 covers the manner in which and by whom personal property is to be listed.

Assessors should canvass their jurisdiction to make sure that all owners are reached and all taxable personal property is included in the assessment. A list of persons assessed in the previous year is helpful in accounting for all in the new assessment.

An assessor may be compelled to call on a taxpayer more than once to obtain his listing. Telephoning for an appointment or leaving a note to arrange for one is recommended. Every reasonable effort should be made to secure a listing of personal property by each owner.

Taxpayers Absent Or Sick

If any person required to list property be sick or absent when the assessor calls for a list of the personal property, the assessor should leave a notice requiring the person to make out a list and leave it or send it to some place designated on the notice, on or before a certain date. The date of leaving such notice and the person so required to list should be noted by the assessor in his assessment book. (M.S. Sec. 273.66)

If the absent or sick person does not deliver the list by the date specified, the assessor should make an assessment of the property of such person according to his own judgment and information. In such case, the assessor should note on the list the fact that the taxpayer was absent or sick.

Refusal To List

When any person whose duty it is to list shall refuse or neglect to list, the assessor should make note of this fact in his assessment book. The assessor should then, on the best information available and his own judgment, make an assessment of the personal property of the taxpayer refusing to list it. In such case, the assessor may, if he so desires, examine upon oath any person whom he may believe to have knowledge of the amount and value of the personal property of the person refusing to list. (M.S. Sec. 273.67 and M.S. Sec. 273.68)

The assessor is not bound to accept the taxpayer's statement of the amount of his personal property. The assessor may disregard any taxpayer's list found to be incomplete or misleading, and the assessor may list the property according to his best information and judgment. The authority for this is found in M.S. Sec. 273.65.

Assessments By Assessor On His Own Information

Where the assessor fails to obtain a statement of personal property, he must estimate the value of such property according to any and all information available to him and assess accordingly. (M.S. Sec. 273.68)

*Section 272.03, Subidvision 1 (c) states: "The term real property shall not include tools, implements, machinery and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment."

The assessor will find it necessary to do this in certain situations:

1. Where the taxpayer is absent or unable to list his property and has not delivered the list left at his place by the assessor by the date specified.
2. Where the taxpayer has either refused or neglected to list his property when called on by the assessor,
3. Where the taxpayer has listed property but the assessor is of the opinion that the taxpayer has not made a full and complete return and the taxpayer has refused to make full discovery under oath, or
4. Where the assessor determines ownership of personal property or situs of assessment where these are at issue with the taxpayer.

The assessor shall sign and deliver to the person assessed upon the latter's request a copy of the statement of personal property showing the valuation of the property listed by the assessor. (M.S. Sec. 273.68)

The assessor is authorized by statute to enter any dwelling, house, building or structure to view the same as well as any property within, when such entrance is necessary for the proper performance of his duties. (M.S. Sec. 273.20)

Situs

Personal property should be assessed in the town county or district where the property is situated.

All elevators and warehouses situated on railroad land which are not owned by the railroad company are to be listed and assessed as personal property in the town or district where situated, in the name of the owner. (M.S. Sec. 273.32)

When the situs is in doubt between places in the same county, the place for listing and assessment is to be determined by the county board of equalization, and if the situs is in doubt as between different counties, the Commissioner of Revenue shall determine the proper place of listing and assessment. (M.S. Sec. 273.48)

CLASSIFICATION OF PERSONAL PROPERTY

After personal property has been appraised at its market value, the assessed value must be determined. This is done by applying the statutory percentages, as they appear in the Minnesota Classification Law (M.S. Sec. 273.13), to the estimated market value* of the differing classes of property. The part of the Minnesota Classification Law affecting personal property follows:

MINNESOTA CLASSIFICATION LAW — PERSONAL PROPERTY

Class	Description	Percent of Market Value
2a	Mobile Homes	
	homestead	
	—Homestead Base Value	25
	—Excess of Market Value over Homestead Base Value	40
	Non-Homestead	40
3	Structures on Leased Public Lands in Rural Areas	33⅓
3	Tools, Implements and Machinery of an Electric Generating, Transmission or Distribution System or a Pipeline System Transporting or Distributing Water, Gas, or Petroleum Products, are fixtures	33⅓
3	Agricultural Real Estate Leased under 272.01, Subd. 2	33⅓
3f	Owner Occupied Residences on Leased Public or Railroad Lands	**
4	Structures on Leased Public Lands in Urban Areas	43
4	Structures on Railroad Operating Rights-of-Way	43
4	All Other (Non-Agricultural) Real Estate Leased under 272.01, Subd. 2	43
4	Systems of Electric, Gas and Water Utilities	43
4	Billboards, Advertising Signs and Devices	43

*Statutory percentages are applied to limited market values while limitation of value concept is in effect.

**Buildings receive the classification rate as if they were homestead real property within the scope of Class 3b, 3c, or 3cc, whichever is applicable.

BUILDINGS ASSESSED AS PERSONAL PROPERTY

Buildings are not to be assessed as personal property except in specific instances such as: privately owned buildings on land owned by the United States, State owned land leased for terms of less than three years or land leased from railroads. These are to be assessed as personal property. In all other instances of separate ownership of buildings and land, the buildings are

nevertheless to be assessed to the land on which they stand.

THE ASSESSMENT OF MOBILE HOMES

The 1971 legislature amended the law relating to the taxation of mobile homes in a significant manner. Beginning with December 31, 1971, mobile homes began to be assessed and taxed at the county level by the assessor and other county officials. The total assessed value derived from the assessment of mobile homes in a taxing district became a part of that district's tax base. Therefore, revenue from the taxation of mobile homes became available to local subdivisions in the same manner as revenue from all other real and personal property taxes.

Assessors should become familiar with the definitions of mobile home and house trailer.

"Mobile home" means any trailer or semi-trailer which is designed, constructed and equipped for use as a human dwelling place, living abode or living quarters except house trailers.

"House trailer" means any trailer or semi-trailer which is not more than 8 feet in width and not more than 35 feet in length and which is designed, constructed and equipped for use as a human dwelling place, living abode or living quarters. (M.S. Sec. 168.011, Subd. 8)

Mobile homes shall not be taxed as motor vehicles using the public streets and highways and shall be exempt from the motor vehicle tax provisions of Chapter 168. Mobile homes shall be taxed as personal property. The provisions of section 272.02 or any other act providing for tax exemption shall be inapplicable to mobile homes, except such mobile homes as are held by a licensed dealer and exempted as inventory. (M.S. Sec. 168.012, Subd. 9)

House trailers not used on the highway during any calendar year shall be taxed as mobile homes if occupied as human dwelling places. It should be noted that house trailers not used on the highway during any calendar year and not occupied as human dwelling places during that year are eligible for a non-use exemption in the same manner that motor vehicles are eligible when they are stored for the year and not used on the highway. The owner of the house trailer must fill out an affidavit stating where the house trailer will be stored during the year if it is not used on the highway instead of registering the unit with the Motor Vehicle Services Division.

The procedure for assessing mobile homes is found in M.S. Sec. 273.13, Subd. 3 and 7 and M.S. Sec. 274.19. The important points concerning the assessment of mobile homes are listed below:

1. The assessor shall assess all mobile homes beginning in 1972.
2. Mobile homes are to be assessed as class 2a personal property and are to be valued and assessed at 40 percent of market value.
3. Class 2a property which is owned by the occupant and used for the purposes of a homestead shall constitute class 3c and shall be valued and assessed at 25 percent of the market value. If the market value is in excess of the homestead base value, the amount in excess of that sum shall be assessed at 40 percent.
4. Each mobile home constituting class 2a property shall be valued each year by the assessor and be assessed with reference to its value on January 2 of that year.
5. Notice of the market value shall be mailed to the owner at least ten days before the meeting of the local board of review or equalization. The notice shall contain the amount of valuation in terms of market value, the assessor's office address and the date, place and time set for the meeting of the local board of review or equalization and the county board of equalization.
6. On or before May 1, the assessor shall return to the county auditor his assessment books relating to the assessment of mobile homes. After receiving the assessment books, the county auditor shall determine the tax to be due by applying the rate of levy of the preceding year and shall transmit a list of the taxes to the county treasurer not later than May 30.
7. The county treasurer shall mail the tax statements on mobile homes to the taxpayers not later than July 15 in the year of the assessment.
8. The property tax statements for class 2a property (mobile homes) shall contain the same information that is required on the tax statements for real property. (M.S. Sec. 276.04)
9. The taxes on mobile homes assessed as class 2a property are due on the last day of August.
10. Taxes on mobile homes which remain unpaid on September 1 in the year of assessment shall be deemed delinquent and a penalty of 8 percent shall be assessed and collected as part of the unpaid taxes.
11. On September 10 the county treasurer shall make a list of taxes remaining unpaid and shall certify the list immediately to the clerk of district court who shall issue warrants to the sheriff for collection.
12. Any person who claims that his class 2a property has been unfairly or unequally assessed, or that such property has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of his claim, defense or objection determined by the district court of the county in which the tax is levied by filing a petition for

such determination, in the office of the clerk of the district court on or before the first day of September of the year in which such tax becomes payable.

13. Payment of the tax shall be a condition precedent to the filing of a petition for review by the district court unless the court permits the petition to be filed without payment pursuant to Section 277.011, Subdivision 3. The petitioner, upon ten days notice to the county attorney and to the county auditor, given at least ten days prior to the last day of August, may apply to the court for permission to file the petition without such payment.
14. If the local board of review or equalization or the county board of equalization change the assessor's valuation of class 2a property, the change shall be transmitted to the county auditor, who shall immediately recompute the tax and advise the treasurer of the corrected tax. If the property is entitled to homestead classification and tax credit pursuant to Section 273.13, Subdivision 16, the auditor shall also take appropriate action to reflect the reduction in tax.
15. The tax assessed on class 2a property shall be deemed to be a personal property tax and laws relating to assessment, review, and collection of personal property taxes shall be applicable to this tax, if not inconsistent with provisions in this act.

A Certificate Of Title Is Required For A Mobile Home

Beginning in 1973, mobile homes will no longer be registered, nor will the numbered plate be issued and displayed. A certificate of title, however, will be required on each mobile home in Minnesota. (M.S. Sec. 168A.02, Subd. 3) Issuance of certificates of titles are handled by the Division of Motor Vehicles of the Department of Public Safety.

All persons who purchase mobile homes will need to apply for certificates of titles in the same way that motor vehicles are handled. The fee is $2.00 plus $2.00 for each secured party. On older mobile homes the registration card will serve as the bill of sale when the unit is sold. The new owner will apply for and receive a certificate of title. Once a mobile home is titled, the certificate of title serves as the bill of sale when a transfer of ownership takes place.

Movement Of Mobile Homes

The movement of mobile homes is controlled solely by the "WIDE-LOAD" permits which are issued by the Department of Transportation. No "WIDE-LOAD" permits will be issued without a statement from the county auditor and treasurer, where the mobile home is presently located, stating that all taxes have been paid. Mobile home dealers may move their new units without such a statement because no taxes are due. This statement must be dated within 30 days of the contemplated move. The statement from the county auditor and treasurer may be made by telephone. If this is done, the permit must contain the date and time of the telephone call and the names of the persons in the auditor's and trasurer's offices who verified all taxes had been paid. (M.S. Sec. 169.86)

"WIDE-LOAD" permits are obtained at Department of Transportations' district maintenance offices located in the following cities:

Central Office, St. Paul

Crookston	Bemidji	
Duluth	Virginia	Owatonna
Detroit Lakes	Willmar	Marshall
Morris	Oakdale	Golden Valley
Windom	St. Cloud	Rochester
Mankato	Brainerd	

County assessors will need to supply the estimated market value on mobile homes that are being moved from their counties prior to the time the tax statements are mailed so that the tax can be computed. In order to secure the "WIDE-LOAD" permit, taxes must be paid which stem from the current assessment.

Types And Sizes Of Mobile Homes

A. Single — Wides
The most common is the single unit. 12' wide by 65' long. This unit offers 12' x 62' living space, or 744 sq. ft. Because state laws regulate the length as well as the width of the mobile home that can be moved on the highways, the length of the 3 foot towing hitch is customarily quoted in the overall dimensions of the home. These 3 feet should be excluded when measuring actual living space.

B. Expandables
These units are made with "additions" which telescope inside the home during its highway movement and are placed in position at the homesite. Such sections add 60 to 100 square feet to the room in which they are located. These additions telescope back into the room if necessary to tow it to another location.

C. Double-Wides
These are two single units built and towed separately to the site and there joined together to make one living unit. The two units can be separated and towed to a new location if necessary.

D. Modular Unit
This is a factory fabricated transportable building unit designed to be used by itself or to be incorporated with similar units at a building site into a modular structure to be used for residential, commercial, educational or industrial purposes.

E. Sectional Home
This is a dwelling made of two or more modular units factory fabricated and transported to the home site where they are put on a foundation and joined to make a single house.

NOTE:
Mobile homes, double wides, modules and sectionals are transported to their sites by trucks whose movements are controlled by state highway regulations, or they are shipped on railroad flat cars.

What Is Included In The Basic Price Of Mobile Homes?

A.
Generally today's typical mobile home has: Living room, complete kitchen with brand-name appliances, separate dining room (or a dinette), one, two or three bedrooms, custom-designed cabinetry and closets, automatic heating system and water heater.

B.
Most mobile homes, unlike most site-built homes, are usually sold completely furnished, equipped and decorated. Some of the items usually included in the basic price are: Free-standing furniture, built-in furniture, carpeting and other floor coverings and curtains and draperies. (Range, refrigerator and water heater are also normally included in the basic price). It should be noted that free standing furniture and any other movable personal property cannot be included in the valuation of mobile homes.

C. Optional Features
Items that can be purchased at extra cost include: Central air conditioning, washer and dryer, garbage disposal and dishwasher. Mobile homes are also available in all-electric models.

D. Essential Extras
In addition to the price of the mobile home, there are some essential extra items that must be included in any consideration of value: Steps with handrails will be required for every outside door. Skirting, to conceal the wheels while still providing ventilation and access, is desirable. Most modern mobile home parks require it. Supports or "piers" are required to provide what is in effect a foundation holding the home stable and level. Building blocks are often used. Over-the-roof "ties" or anchors are needed in areas of high winds. Concrete strips for the wheels will have to be provided by the owner, if the home is not placed on concrete strips or a base in a mobile home park.

The cost of the essential extras will probably add another 15 percent to the cost of the mobile home.

E. Optional Extras
Many optional extras are available for mobile homes. These include garages, carports, outdoor storage and utility cabinets, ramadas, cabanas, patios, awnings, porches and screened rooms.

Additional Information On The Assessment Of Mobile Homes

A.
Mobile homes, double wide mobile homes, expandable modular units and sectional homes located in a mobile home park shall be assessed as Class 2a personal property.

The fact that this kind of home is located in a mobile home park might indicate an intention to move the home at some future date.

B.
Any of the above mentioned homes located in mobile home parks which are owned by the occupant and used for the purposes of a homestead, shall constitute Class 3c, and shall be valued and assessed at 25 percent of the market value.

C.
The value of optional extras such as garages, carports, outdoor storage and utility cabinets, ramadas, cabanas, patios, awnings, porches and screened rooms that are owned by the owner of a mobile home which is located in a mobile home park shall be included in the valuation of the Class 2a personal property and be assessed to the owner.

D.
Any of the items mentioned above which are owned by the mobile home park operator and including improvements used for utility and recreational purposes shall be assessed as improvements to real property.

Assessment Of Double Wides, Including Modular And Sectional Homes

A.
Generally, the above mentioned homes shall be assessed as improvements to real property when they are affixed to a site owned by the owner of the home.

B.
The homes shall be affixed to land in a manner that is commensurate with the rules relating to mobile homes which have lost their mobility because of alterations and subsequently have been assessed as improvements to real property.

Assessment Of Mobile Homes As Real Property

A.
In some cases, mobile homes lose their identity as mobile homes because of alterations that have been made to them. When this happens, the assessor should assess the unit as an improvement to the land. To assist assessors in determining when a mobile home has been sufficiently altered to cause it to be assessed as real property, all four of the criteria listed below shall be met.

1. The unit shall be affixed to land, the title to which is in the same name as the owner of the unit.
2. The unit shall be affixed to the land by a permanent foundation or in a manner similar to other real property in the district.

3. The unit should be connected to public utilities, especially water and sewer or have its own well and septic tank system or be commensurate with other real property in the district insofar as these facilities are concerned.
4. The wheels should be removed.

THE ASSESSMENT OF SIGNS AND BILLBOARDS

If an advertising device is advertising the business enterprise contained on the premises either by the owner or by the tenant, it is exempt. An example would be a gas station with a large sign advertising X brand of gasoline which it sells. This kind of sign is exempt.

If the advertising device is used by an advertiser who is not located on the premises and merely advertises his product, such sign is taxable.

Billboards which advertise certain products or services which are not located on the same premises as the billboard are taxable as Class 4 personal property. For example, a billboard located near a highway not on the gas station's premises advertising X brand of gasoline is taxable.

ELECTRIC DISTRIBUTION AND TRANSMISSION LINES

Electric distribution and transmission lines located in townships or outside the limits of incorporated areas are assessed by the Commissioner of Revenue. Such lines are referred to as rural distribution and transmission lines. All transmission or distribution lines in a city are to be assessed as personal property, Class 4, by the county or local assessor.

PIPELINES

Pipeline systems of pipeline companies or others engaged in transporting natural gas, gasoline, petroleum products or crude oil are assessed by the Commissioner of Revenue. Gas distribution systems, however, are to be assessed by the county or local assessor as Class 4 personal property.

COOPERATIVE ELECTRIC LIGHT AND POWER COMPANIES

Distribution and transmission systems of cooperative power associations are assessed as Class 4 personal property by the county or local assessor if located within the corporate limits of a city. The assessment of transmission lines and the collection of the membership tax in lieu of assessment of rural distribution systems of cooperative associations in townships are handled by the Commissioner of Revenue.

TELEPHONE COMPANIES

Telephone companies pay a gross earnings tax in lieu of the property tax. Both real and personal property owned and used by telephone companies in connection with their operations are exempt from the ad valorem tax. However, any building owned by a telephone company used in part for other purposes is subject to a pro rata assessment. Coaxial cables and microwave towers that are owned by telephone companies aren't subject to assessment.

COMPLETING THE PERSONAL PROPERTY ASSESSMENT

In order to complete the assessment, the assessor should transcribe the valuations from the personal property return to the assessment book and then balance the pages in the assessment book.

CHAPTER VI

BOARDS OF REVIEW AND EQUALIZATION

KINDS OF BOARDS

The work of each assessor is, under the Minnesota statutes, subject to review and correction by three different boards. These are (1) the town or city board of review, (2) the county board of equalization and (3) the Commissioner of Revenue sitting as the state board of equalization. All assessors and county assessors should familiarize themselves with the duties imposed upon them in connection with these boards. County assessors should re-read frequently the provisions of M.S. Sec. 273.061 which is the act creating their offices and outlining their duties.

LOCAL BOARD OF REVIEW

The town board of each town, the council or other governing body of each city, except in cities whose charters provide for a board of equalization, shall be a board of review. The county assessor shall fix a day and time when each of such boards and the board of equalization of any city whose charter provides for a board of equalization shall meet in the several assessment districts of the county, and shall on or before April first of each year give written notice thereof to the clerk. Such meetings notwithstanding the provisions of any charter to the contrary shall be held between May 1st and June 30th in each year, and the clerk shall give published and posted notice of such meeting at least ten days prior to the date fixed. Such board shall meet at the office of the clerk to review the assessment of property in such town or district, and immediately proceed to examine and see that all taxable property in the town or district has been properly placed upon the list, and duly valued by the assessor. In case any property, real or personal shall have been omitted, the board shall place it upon the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, shall be entered on the assessment list at its market value; but no assessment of the property of any person shall be raised until he has been duly notified of the intent of the board so to do. On application of any person feeling aggrieved, the board shall review the assessment, and correct it as shall appear just. A majority of the members may act at such meeting, and adjourn from day to day until they finish the hearing of all cases presented. The assessor shall attend, with his assessment books and papers, and take part in the proceedings, but shall not vote. The county assessor, or an assistant, delegated by him shall attend such meetings. The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, placed opposite such item. The county assessor shall enter all changes made by the board in the assessment book.

If a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of his property, or if a person feeling aggrieved by an assessment fails to apply for a review of the assessment, he may not appear before the county board of equalization for a review of his assessment, except when an assessment was made subsequent to the meeting of the board, or that he can establish that he did not receive notice of his market value at least five days before the local board of review meeting.

The board of review, and the board of equalization of any city, unless a longer period is approved by the Commissioner of Revenue, shall complete its work and adjourn within 20 days from the time of convening specified in the notice of the clerk and no action taken subsequent to such date shall be valid. All complaints in reference to any assessment made after the meeting of such board, shall be heard and determined by the county board of equalization. Any non-resident may, at any time, before the meeting of the board of review file written objections to his assessment with the county assessor and if any such objections are filed they shall be presented to the board of review at its meeting by the county assessor for its consideration. (M.S. Sec. 274.01, Subd. 1)

The council or other governing body of any city, including cities whose charters provide for a board of equalization, may appoint a special board of review to which it may delegate all of the powers and duties of the board of review or board of equalization. The special board of review shall serve at the direction and discretion of the appointing body, subject to the restrictions imposed by law on the appointing body. The appointing body shall determine the number of members to be appointed thereto, the compensation and expenses to be paid, and the term of office of each member. At least one member of the special board of review shall be an appraiser, realtor or other person familiar with property valuations in the assessment district. (M.S. Sec. 274.01, Subd. 2)

Although the local board of review or equalization has the authority to increase or reduce assessments, the total of such adjustments must not reduce the aggregate assessment made by the county assessor by more than one percent of said aggregate assessment. If the total of such adjustments does lower the aggregate assessment made by the county assessor by more than one percent, none of the adjustments will be allowed. However, any double assessments or clerical errors discovered and

corrected by the county assessor does not affect the one percent referred to above. (M.S. Sec. 273.061, Subd. 9)

Compensation Of City Board Of Equalization

The governing body of any city of the fourth class operating under a home rule charter which provides for a board of equalization but which does not provide for compensation to the members of such board separate from other compensation to them as city officials may, in its discretion, by resolution, determine the compensation to be paid to the members of the board of equalization but such compensation shall not exceed $6 a day nor $72 a year. (M.S. Sec. 274.013)

The Omnibus Tax Bill of 1975 provides for limitations in the valuation of real property. No increase is to be greater than ten percent of the preceding valuation or one-fourth of the total amount of increase in valuation, whichever is greater. This limitation also applies to any increases made by any board of review or equalization.

COUNTY BOARD OF EQUALIZATION

The county board of equalization follows the local board of review in the assessment process. In every county the basic problem of county equalization is essentially the same and involves primarily the equalization of the assessments of property between the individual assessment districts. The other important part of the work of the board of equalization is to equalize the assessments of the various classes of property within the county.

Composition Of Board

The county Commissioners, or a majority of them, with the county auditor, or, if he cannot be present, the deputy county auditor, or, if there be no such deputy, the clerk of the district court, shall form a board for the equalization of the assessment of the property of the county, including the property of all cities whose charters provide for a board of equalization. The board of equalization for any county as it is duly constituted, may appoint a special board of equalization to which it may delegate all of its powers and duties. The special board of equalization shall serve at the direction and discretion of the appointing county board, subject to the restrictions imposed by law on the appointing board. The appointing board may determine the number of members to be appointed to the special board, the compensation and expenses to be paid and the term of office of each member. At least one member of the special board of equalization must be an appraiser, realtor or other person familiar with property valuations in the county. The county auditor is a non-voting member and serves as the recorder for the special board. (M.S. Sec. 274.13, Subd. 1 and 2)

Time Of Meeting And Length Of Session

The board of equalization shall meet annually, on July 1, at the office of the auditor and, each member having taken an oath fairly and impartially to perform his duties as such, shall examine and compare the returns of the assessment of property of the several towns or districts, and equalize the same so that each tract or lot of real property and each article or class of personal property shall be entered on the assessment list at its market value. The county board of equalization or the special board of equalization appointed by it may continue in session and adjourn from time to time commencing on July 1 and ending on or before July 15, when it shall adjourn and no action taken subsequent to July 15 shall be valid unless a longer session period is approved by the Commissioner of Revenue. The Commissioner may extend the session period to July 31 but no action taken by the county board of equalization after the extended termination date shall be valid. This statutory direction should be observed and the board of equalization declared officially adjourned by July 15 unless the Commissioner has approved the longer period to July 31. The county auditor is to keep a record of the proceedings and orders of the board and the record is to be published in the same manner as other proceedings of the county commissioners. A copy of the published record is to be forwarded to the Commissioner of Revenue along with the abstract of assessment. (M.S. Sec. 274.13, Subd. 1 and M.S. Sec. 274.14)

Duties Of County Boards Of Equalization Or Special Boards Of Equalization

The board may make percentage increases on each class of both real and personal property in the entire county, or in any particular city, town or district in the county when the board believes such property has been valued at less than market value. On real property, such percentage increases may be limited to land alone or structures alone, or may be made on both land and structures. It isn't necessary for the board to give notices when applying aggregate increases.

The board may make individual increases in the assessments of both real and personal property when the board believes such property has been valued at less than market value. In these cases the board must give notice to the owner of its intentions. The notice must also set a time and place for a hearing.

The board may make percentage decreases and individual decreases in the assessments of both real and personal property when the board believes such property has been valued at more than market value. On real property, decreases may be limited to land alone or structures alone or may be made on both land and structures. The board can't, however, reduce the aggregate value of the real property, or the aggregate value of the personal property of its county below the aggregate value as returned by the assessors including any additions made by the county auditor. This means that decreases in assessments of real or personal property must be offset by increases. It also means the

limitations on aggregate reductions are separate as to real property and personal property. The limitations apply to the aggregate of the assessments in the county as a whole and not individual districts. (M.S. Sec. 274.13, Subd. 1)

Any complaints or objections made by taxpayers who feel assessments for the current year are unfair must be considered by the board. Such assessments must be reviewed in detail and the board has the authority to make any corrections it believes to be just. In reviewing a protest to an assessment the board may ask the county assessor to investigate and report back later.

The board 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. Occassionally a taxpayer may appear to protest an assessment that was made in a previous year. The board should explain tactfully that it has no authority to consider such matters and that after taxes have been extended, adjustment can be made only by the process of application for abatement or by legal action.

The board may not exempt property from taxation.

The board may not place omitted property on the assessment books. This power is vested only in the local boards of review and in the county auditor. However, when it comes to the attention of the board that any property subject to taxation has not been assessed, the board may, by resolution, request the auditor to place such property on the tax rolls.

The board has no authority to make original assessments. Its duties are restricted to review and equalization of assessments already made.

If a person fails to appear in person, by counsel, or by written communication before the county board after being duly notified of the board's intent to raise the assessment of his property, or if a person fails to appeal a decision of the local board of review he may not appear before the Commissioner of Revenue to contest the valuation. (M.S. Sec. 274. 13, Subd. 1)

The Omnibus Tax Bill of 1975 provides for limitations in the valuation of real property. No increase is to be greater than ten percent of the preceding valuation or one-fourth of the total amount of increase in valuation, whichever is greater. This limitation also applies to any increases made by any board of review or equalization.

COUNTY ASSESSOR AND COUNTY BOARD OF EQUALIZATION

The county assessor is required to attend the meetings of the county board of equalization. He should be prepared to assist the board in every way possible and make whatever investigations the board may desire. The county assessor should have maps, tables and charts relating to values in various districts of the county available for the board's use. He should prepare a map showing a comparison of the average market values per acre, both with and without improvements, of all land in townships and also the bordering tier of townships of each adjoining county.

The county assessor is further required to keep and maintain a record of the sales of real property in the county. In addition, the assessment ratio studies of the Commissioner of Revenue are reported to each county assessor. These sources of information help the county assessor make recommendations to the county board of equalization of necessary changes in individual assessments or aggregate increases. The analysis of the material presented by the county assessor will form the major part of the work of county equalization.

Finally, the county assessor is required to enter all changes made by the board in the assessment books and prepare the abstract of assessments for the Commissioner of Revenue. (M.S. Sec. 273.061, Subd. 8 and 9)

STATE BOARD OF EQUALIZATION

The Commissioner of Revenue shall constitute the state board of equalization. The board may adjourn from day to day and employ necessary clerical assistance. The board shall meet annually on August 15 at the office of the Commissioner of Revenue and examine and compare the returns of the assessment of the property in the several counties, and equalize the same so that all the taxable property in the state shall be assessed at its market value, subject to the following rules:

1. The board shall add to the aggregate valuation of the real property of every county, which the board believes to be valued below its market value in money, such percent as will bring the same to its market value in money;
2. The board shall deduct from the aggregate valuation of the real property of every county, which the board believes to be valued above its market value in money, such percent as will reduce the same to its market value in money;
3. If the board believes the valuation of the real property of any town or district in any county, or the valuation of the real property of any county not in towns or cities, should be raised or reduced, without raising or reducing the other real property of such county, or without raising or reducing it in the same ratio, the board may add to, or take from the valuation of any one or more of such towns, or cities, or of the property not in towns, or cities, such percent as the board believes will raise or reduce the same to its market value in money;
4. The board shall add to the aggregate valuation of any class of personal property of any county, town, or city, which the board believes to be valued below the market value thereof, such percent as will raise the same to its market value in money;

5. The board shall take from the aggregate valuation of any class of personal property in any county, town or city, which the board believes to be valued above the market value thereof, such percent as will reduce the same to its market value in money;

6. The board shall not reduce the aggregate valuation of all the property of the state, as returned by the several county auditors, more than one percent on the whole valuation thereof; and

7. When it would be of assistance in equalizing values the board may require any county auditor to furnish statements showing assessments of real and personal property of any individuals, firms, or corporations within the county. The board shall consider and equalize such assessments and may increase the assessment of individuals, firms, or corporations above the amount returned by the county board of equalization when it shall appear to be undervalued, first giving notice to such persons of the intention of the board so to do, which notice shall fix a time and place of hearing. The board shall not decrease any such assessment below the valuation placed by the county board of equalization. (M.S. Sec. 270.12, Subd. 1 and 2)

Beginning in 1975, the Commissioner of Revenue sitting as the State Board of Equalization, may apportion the levies of a district lying in two or more counties when assessment sales ratio studies as determined by the Equalization Aid Review Committee show the average level of assessment differs by more than ten percent. (M.S. Sec. 270.12, Subd. 3)

The limitations of value on real property as prescribed by the 1975 Legislature also apply to the authority of the Commissioner when he is acting as State Board of Equalization. (M.S. Sec. 273.11, Subd. 5)

State Board Of Equalization Orders

A certified record of all proceedings of the Commissioner of Revenue affecting any change in the assessed valuation of any property, as revised by the State Board of Equalization, is mailed to the auditor of each county on or before November 15 (old date was October 15) or 30 days after the abstract of assessment has been filed with the Commissioner, whichever is later. (M.S. Section 270.11, Subdivision 2 requires each county to file complete abstracts of all real and personal property in the county, as equalized by the county board of equalization, with the Commissioner on or before August 1.) This certified record shall specify the amounts or amount, or both, added to or deducted from the valuation of the real property of each of the several towns and cities, and of the real property not in towns or cities, also the percent or amount of both, added to or deducted from the several classes of personal property in each of the towns and cities and also the amount added to or deducted from the assessments of individuals, copartnerships, associations or corporations. (M.S. Sec. 270.13)

The county assessor enters all changes made by the State Board of Equalization in the assessment books. (M.S. Sec. 273.061, Subd. 9)

ADDITIONAL DUTIES OF COMMISSIONER OF REVENUE

The Commissioner of Revenue shall receive complaints and carefully examine into all cases where it is alleged that property subject to taxation has not been assessed or has been fraudulently or for any reason improperly or unequally assessed, or the law in any manner evaded or violated, and cause to be instituted such proceedings as will remedy improper or negligent administration of the taxing of the state.

The Commissioner of Revenue shall raise or lower the assessed valuation of any real or personal property, including the power to raise or lower the assessed valuation of the real or personal property of any individual, copartnership, company, association, or corporation; provided, that before any such assessment against the property of any individual, copartnership, company, association, or corporation is so raised, notice of his intention to raise such assessed valuation and of the time and place at which a hearing thereon will be held shall be given to such person, by mail, addressed to him at his place of residence as the same appears upon the assessment book, at least five days before the day of such hearing. (M.S. Sec. 270.11, Subd. 5 and 6)

A property owner may not appear before the Commissioner to complain about an improper or unequal assessment unless he has timely taken the matter before the County Board of Equalization. The owner may appear before the County Board of Equalization in person, by counsel or by a written communication. If the property owner has failed to take his complaint before the County Board of Equalization he can appeal the assessment to the Commissioner only if he can establish that he didn't receive notice of his market value at least five days before the Local Board of Review meeting. (M.S. Sec. 270.11, Subd. 7)

The limitations of value on real property as prescribed by the 1975 Legislature also apply to the authority of the Commissioner of Revenue. (M.S. Sec. 273.11, Subd. 5)

Orders made by the Commissioner of Revenue are appealable to the Tax Court; those made by the State Board of Equalization are not appealable. (Village of Tonka Bay *vs* Commissioner of Taxation 242 Minn. 23, 64 NW 2d 3.)

CHAPTER VII

THE ASSESSMENT OF PUBLIC UTILITIES

PERSONAL PROPERTY OF UTILITIES

Previous assessments often included tools and machinery of the public utility which were not yet operational. The best example of this was the assessment of pipes, poles and wires lying in the field, not yet assembled or connected to the system. However, Extra Session Laws 1971, Chapter 31, provides for the assessment of only that personal property which is part of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures. Thus, only that personal property which is operational and part of the utility's system is taxable. (M.S. Sec. 272.02, Subd. 1)

All gas, electric and water mains, pipes, conduits, subways, poles and wires of electric light, heat or power companies are classified as personal property. (M.S. Sec. 272.03, Subd. 2)

The responsibility for the assessment of personal property of electric light and power utilities is divided between the local assessors and the Commissioner of Revenue.

Personal property of electric light and power companies which is located within a city is assessed where located by the local assessor. (M.S. Sec. 273.36)

The personal property of electric light and power companies having a fixed situs outside the corporate limits of a city are listed and assessed where situated. (M.S. Sec. 273.37, Subd. 1)

All transmission and distribution lines and equipment attached to them, having a fixed situs outside the corporate limits of cities with the exception of distribution lines taxed under M.S. Sec. 273.40 and 273.41, are listed and assessed by the Commissioner of Revenue. (M.S. Sec. 273.37, Subd. 2)

The assessment by the Commissioner of Revenue of privately owned distribution lines used primarily for supplying electricity to farmers at retail is made under M.S. Sec. 273.38 using a 5% classification ratio and should be taxed at the average rate of taxes levied for all purposes throughout the county. This means the mill rate to calculate the tax is the average county mill rate applicable to the county in which the distribution lines are located.

ELECTRIC LIGHT AND POWER UTILITIES REAL PROPERTY

All real property of electric light and power utilities should be assessed by the city or township assessor of the taxing district where the real property is located.

Where structures are situated on land owned by the utility, both the land and structures should be assessed as real estate. The same rule applies where the structures are situated upon land held by the utility by virtue of a lease for a term of three or more years from the state or from any religious, scientific or benevolent society or institution and where the structures are situated upon land held by the utility by virtue of a lease for any period from a private individual or private corporation. It is only when the structures are situated on a leased portion of railroad right-of-way or on land leased from the state for a term of less than three years that the structures should be assessed as personal property.

The term "structures" includes all buildings, fences, concrete foundations, substation poles and supporting frames. It also includes all electric substations, generating stations, transformer stations, and switching stations. All such structures should be assessed as real estate. If the land upon which the structures are situated is leased from the state or federal government and is rural in character and adaptability the land and structures should be assessed at 33⅓%. If on the other hand, structures on land leased from the state or federal government is adaptable to non-rural use and its location is not isolated from other non-rural land, the land and structures should be assessed at 43% of its market value together with steel framework, footings, substation poles and fences. All other properties should be assessed at 43%.

Fixtures To Real Property [Utilities]

All tools, implements and machinery which are fixtures to real property should be assessed as part of the real estate. However, these items must always be assessed at 33⅓% of market value regardless of whether the land and structures are assessed as rural or as non-rural property or as real or personal property (M.S. Sec. 273.13, Subd. 4)

ASSESSMENT OF COOPERATIVE ELECTRIC LIGHT AND POWER ASSOCIATIONS

The majority of cooperatively owned electric utilities are financed by the federal government under the Rural Electrification Administration. These R.E.A. cooperatives are not exempt from taxation by reason of being federally financed and their property should be assessed on the same basis as that of other cooperative electric light and power associations.

All real and personal property of cooperative electric light and power associations, which is located with in the boundaries of any incorporated city is subject to assessment in the same manner as the real and personal property of privately owned electric light and power utilities.

The membership tax of $10 per one hundred members and fraction thereof which these cooperatives pay annually to the Commissioner of Revenue is in lieu only of all personal property taxes "upon distribution lines and the attachments and appurtenances thereto of such associations located in rural areas." (M.S. Sec. 273.41)

A rural area is defined for this purpose by statute to mean "any area of the state not included within the boundaries of any incorporated city." (M.S. Sec. 273.39)

All of the property of such cooperatives, including both transmission and distribution lines, located within the corporate limits of cities continues to be subject to ad valorem assessment by the local assessor. (M.S. Sec. 273.36)

All real property of cooperative electric light and power associations situated in rural areas should be assessed by the township or county assessor in the same manner as such real property is assessed in the case of privately owned electric light and power utilities.

The township or county assessor should not assess the transmission and distribution lines and equipment attached thereto of cooperative electric light and power associations in rural areas. (See definition above.) The distribution lines are taxable under the annual tax of $10 per one hundred members and the transmission lines are assessed directly by the Commissioner of Revenue. The township assessor should assess all other personal property which is part of an electric generating transmission or distribution system located in his township owned by cooperative electric light and power associations. (M.S. Sec. 273.36 and 273.37)

The city assessor should assess all property, both real and personal, of cooperative light and power associations situated within their taxing districts. The township or county assessors should assess all real property, including substation generating stations, transformer stations and switching stations, of these associations situated within their taxing districts. The township or county assessors should also assess the personal property of such asssociations located within townships, except transmission and distribution lines.

ASSESSMENT OF PRIVATELY OWNED GAS, WATER, SEWER AND CENTRAL HEATING SYSTEMS

All real property of privately owned gas, water, sewer and heating systems should be assessed by the city, township or county assessor of the taxing district where the property is located.

The taxable personal property of privately owned gas, water, sewer and central heating systems includes all gas and water mains, pipes, conduits and subways which are part of a transportation or distribution system. Although gas, water and heating mains and appurtenances are of a stationary nature, they are classified by statute as personal property and not as real property. (M.S. Sec. 272.03, Subd. 2)

These items of personal property should be assessed in the taxing district where located. (M.S. Sec. 273.35)

ASSESSMENT OF MUNICIPALLY OWNED LIGHT, HEAT, POWER, GAS AND WATER SYSTEMS

The properties of the majority of municipally owned utilities are exempt from taxation, both real and personal, as "public property used exclusively for any public purpose". (Minnesota Constitution, Article 9, Section 1)

Numerous municipally owned utilities extend their lines outside the boundaries of the municipality for the purpose of serving private customers. Such lines are held to be exempt from taxation if they convey electricity, heat, gas or water, which is surplus, and the sale of which is incidental to the public purpose of supplying the municipality. Such lines may be subject to assessment if used to convey utility services to a substantial extent to customers outside the corporate limits.

Municipally owned property leased to private parties loses its exempt status and becomes subject to tax.

ASSESSMENT OF NATURAL GAS AND PETROLEUM PIPELINES

All real property of natural gas pipeline, crude oil pipeline and petroleum pipeline companies should be assessed by the city or township assessor of the taxing district in which the real property is located. Real property includes not only the land but also all structures on the land such as pumping stations, terminal stations, meter stations, fences, foundations and supporting bases and tanks. It does not include the pipeline themselves.

The pumps, motors, control equipment and associated pipe on the site of the pumping or terminal station are considered to be fixtures to real property, assessable at 33⅓% of market value regardless of whether the land and structures are assessed as rural or non-rural property.

Personal Property

The pipelines for the transportation of natural gas, gasoline or other petroleum products are classified as personal property and are assessed directly by the Commissioner of Revenue in each taxing district where located. The local assessor should not assess gas or petroleum pipelines, unless the lines are local distribution gas lines, or are owned by a consumer for his own use. (M.S. Sec. 273.33, Subd. 1 and 2) In recognition of the fact that the valuation of property of utilities differs substantially from the normal work of assessors, the Commissioner of Revenue maintains a Utilities Section which makes and keeps up-to-date appraisals of all

public utilities property in the state. Assessors may, by inquiry, secure full information regarding the valuing of utilities property within their jurisdiction and are urged to avail themselves of this service.

VALUATION OF UTILITY COMPANIES

For the valuation and assessment of electric, gas distribution and pipeline companies (Utility Companies) see the Rules and Regulations of The Department of Revenue relating to Ad Valorem (Property) Taxes. These regulations are distributed by the Documents Section, Room 140, Centennial Office Building, St. Paul, Minnesota 55145.

UTILITIES PAYING GROSS EARNINGS TAXES

Railroad, telephone, telegraph, freight line, sleeping car and express companies pay into the state treasury a percentage of their gross earnings. This gross earnings tax, which is a property tax measured by earnings, is in lieu of all ad valorem taxes on property used in the operation of the businesses of these companies. In the case of railroad companies all operating property, owned or leased, comes under the gross earnings law. Where other gross earnings taxpayers lease real property for operating purposes, such leased property is subject to assessment.

Non-operating property owned by such companies should be assessed. For example, real property owned by a railroad company which isn't being used as part of the right-of-way (except land acquired by public grant) is subject to assessment.

In many cases gross earnings taxpayers may own real property which is partly used for other purposes than the operation of the company. Where such purposes are reasonably and necessarily connected with operations, such as the housing of switchboard operators in order to provide 24 hour service, the property is held to be taxable under the gross earnings law. On the other hand if a substantial portion of the real property is used for purposes wholly unrelated to the operation of the railroad, telephone or other utility business, a pro rata assessment must be made of the description of real property.

CHAPTER VIII

SUPPLEMENTARY INFORMATION

PAYMENT OF GENERAL PROPERTY TAXES

The assessor should be informed as to the dates when taxes are payable and have in mind the penalties which accrue for non-payment. The county treasurer is the collector of all general property taxes whether levied by the county, city, township, or school district.

Delivery Of Lists To The Treasurer

On or before the first Monday in January in each year, the county auditor shall deliver the lists of the several districts of the county to the county treasurer, taking therefore his receipt, showing the total amount of taxes due upon the lists and showing for purposes of the Special Property Tax (Freeze) Credit the base tax. Where the names of taxpayers appear in the property tax lists, the county auditor shall show the addresses of such taxpayers. Such lists shall be authority for the treasurer to receive and collect taxes therein levied. (M.S. Sec. 276.01)

Property Tax Statements

1. Personal property tax statements are to be mailed not later than February 15 (except tax statements on mobile homes are to be mailed not later than July 15).
2. Real property tax statements are to be mailed not later than May 15.
3. Property tax statements should contain the following information:
   (a) Tabulated statement of the dollar amount due to each taxing authority including the State of Minnesota.
   (b) The dollar amounts due the state, county, township or municipality and school district are separately stated but amounts due other taxing districts, if any, may be aggregated.
   (c) While the law only requires the market value used in determining the tax to be shown on the property tax statement, the limited value and assessed value are also currently being shown.
   (d) The statements must include the qualifying tax amount for the Income-Adjusted Homestead Credit and the base tax for qualified property for the Senior Citizens Special Property Tax (Freeze) Credit.
   (e) The statements must show the amount attributable as state paid agricultural credit, the amount attributable as state paid homestead credit and the amount attributable as taconite tax relief credit.
4. All statements including the property tax statements for Class 2a property (mobile homes) should contain the information summarized above, where applicable.
5. The validity of the tax shall not be affected by failure of the treasurer to mail the property tax statement.
6. The Commissioner of Revenue shall provide each county auditor with the names of those persons in the assessor's district who have filed and qualified for the Special Property Tax (Freeze) Credit and shall inform the assessor of the base tax of those persons. If so directed by the county board, the treasurer shall visit places in the county as he deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists. (M.S. Sec. 276.04)
7. The county treasurer shall prepare and send a sufficient number of copies of the property tax statement to the owner, and to his escrow agent if the taxes are paid via an escrow account, to enable him to comply with the filing requirements for the Income-Adjusted Homestead Credit and to retain one copy for his records. The property tax statement, in a form prescribed by the Commissioner, shall indicate the manner in which the claimant may claim relief from the state and the amount of the tax for which the applicant may claim relief. The statement shall also indicate if there are delinquent property taxes on the property in the preceding year. (M.S. Sec. 290A.14)

Time For Payment Of Personal Property Taxes

Personal property taxes are payable without penalty up to and including February 28. All unpaid personal property taxes where the amount is $10 or less shall be deemed delinquent on March 1 next after they become due, and thereupon a penalty of eight percent shall attach and be charged upon all such taxes. When the amount of such tax exceeds the sum of $10.00, the first half shall become delinquent if not paid prior to March 1 and thereupon a penalty of eight percent shall attach on such unpaid first half. The second half of a tax in excess of $10.00 shall become delinquent if not paid prior to July 1 and thereupon a penalty of eight percent shall attach on such unpaid second half. This section shall not apply to Class 2a property. (M.S. Section 277.01)

Time For Payment Of Real Property Taxes

Real property taxes are payable without penalty up to and including May 31. On June 1, of each year, with respect to property classified as homestead, a penalty of three percent accrues and a penalty of seven percent accrues on non-homestead property when taxes are unpaid. Thereafter, for both homestead and non-homestead property, an additional penalty of one percent

accrues on the first day of each month up to and including November 1 on all unpaid taxes. When the taxes against any description exceed $10.00, one-half may be paid prior to June 1 without penalty. The remaining one-half may be paid anytime prior to the next November 1 without penalty. If taxes are unpaid on November 1, a penalty of eight percent accrues on homestead property and a penalty of twelve percent accrues on non-homestead property. If one-half of such taxes shall not be paid prior to June first, the same may be paid at any time prior to November first, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until November first following, provided, also, that the same may be paid in installments as follows: One-fourth prior to April first; one-fourth prior to June first; one-fourth prior to September first; and the remaining one-fourth prior to November first, subject to the aforesaid penalties. Where the taxes delinquent after November first against any tract or parcel exceed $40, they may be paid in installments of not less than 25 percent thereof, together with all accrued penalties and costs, up to the time of the next tax judgment sale, and after such payment, penalties, interest, and costs shall accrue only on the sum remaining unpaid. Any county treasurer who shall make out and deliver or countersign any receipt for any such taxes without including all of the foregoing penalties therein, shall be liable to the county for the amount of such penalties. (M.S. Section 279.01)

Additional Penalty

On the first Monday in January an additional penalty of two percent accrues on delinquent real property taxes which were payable in the preceding year. (M.S. Section 279.02)

Period For Redemption

The stated period of redemption for all lands, except those classified as homestead or seasonal recreational, is three years from the date of sale if the land is within an incorporated area. Applies to lands sold to an actual purchaser or bid in for the state at a tax judgment sale held after December 31, 1975. For property classified as homestead or seasonal recreational, the period of redemption is still five years from the date of the sale. (M.S. Sec. 281.17)

Tax Receipts

Beginning in 1976, county treasurers are no longer required to issue receipts showing taxes have been paid. However, the county treasurer, at his option, may issue receipts showing taxes have been paid. Except, if the taxes are paid in currency or if the person paying the taxes requests a receipt, the county treasurer must give a receipt showing the name and post office address of the taxpayer, the amount and date of payment, the legal description of property taxed and the year or years for which the tax was levied. If the receipt is for current taxes on real property, the receipt should be stamped or have written across its face the year the tax is for and whether the payment is for the first half of the taxes or for the last half of the taxes. If land has been sold for taxes either to a purchaser, or to the state, and the time for redemption hasn't expired, the receipt must have written or stamped across the face "sold for taxes." The treasurer must make duplicates of all receipts which are turned over to the county auditor at the end of each month. (M.S. Sec. 276.05)

The requirement that the number of mills of the current tax apportioned to the state, county, city, town and school district be shown on the back of all tax receipts or on a separate tabulation was abolished beginning in 1976. The county treasurer may, however, provide such information on the back of the property tax statement or a separate sheet or card to be sent with the statements if he wishes to do so. (M.S. Sec. 276.06)

REASSESSMENT PROCEDURE

The Commissioner of Revenue is, by statutes, authorized to order a reassessment in any year in any taxing district. The Commissioner may order a reassessment, when in his judgment, it is necessary to correct an unfair assessment in order to insure that all property in the same county or in the state is assessed equitably. The need for a reassessment may become apparent to the Commissioner by complaints from taxpayers, or by the findings of a court or of the legislature, or by a request from any city council or county board. Such complaints or findings might indicate that considerable property has been omitted from the assessment roll or that assessments have been undervalued or overvalued. If after an investigation, the Commissioner of Revenue is satisfied that it would be for the best interests of the state, he can order the reassessment. The Commissioner can then appoint a special assessor and as many deputy assessors as are needed to make the reassessment. (M.S. Sec. 270.11, Subd. 3 and M.S. Sec. 270.16, Subd. 1)

When an assessor has failed to properly appraise at least one-fourth of the parcels of property in a district or county as provided in M.S. Section 273.01, the Commissioner of Revenue is to appoint a special assessor and deputy assessors as needed to make a reappraisal of the property due for reassessment. (M.S. Sec. 270.16, Subd. 2)

The statute above refers to M.S. Section 273.01. Assessors should be familiar with M.S. Section 273.01 which states that all real property subject to taxation shall be listed and at least one-fourth of the parcels listed shall be appraised each year with reference to their value on January 2 preceding the assessment so that each parcel shall be reappraised at maximum intervals of four years.

Special assessors and deputies appointed by the Commissioner do not need to be residents of the state.

After their appointments they must file with the Commissioner of Revenue their oaths to faithfully and fairly perform their duties. The special assessor assisted by his deputies then reassesses the property in the district ordered to be reassessed. Notices of the new valuations are sent to all the property owners. The notices include the dates and places hearings will be held for those taxpayers who wish to appear to discuss the assessments of their property. The special assessor must prepare duplicate lists of the assessment roll showing the amount of the original assessment and the new reassessed valuations. The lists are filed with the Commissioner of Revenue for his examination and correction. After the Commissioner is satisfied the lists are correct, one copy is sent to the county auditor. Any person feeling himself aggrieved by the reassessment may appeal to the district court. This is done by filing a notice of the appeal with the county auditor within 30 days after the reassessment. The county auditor files a certified copy of the appeal with the clerk of the district court. At the same time he notifies the county attorney of the appeal. The district court is required to hear and determine the case in the same manner as other tax matters are tried and determined by the courts. The county attorney must appear for and defend the interests of the state in these matters. (M.S. Sec. 270.17)

The salary and expenses of special assessors and deputy assessors appointed by the Commissioner of Revenue to do reassessments is set by the Commissioner and then certified to the Commissioner of Finance. The expenses of the reassessment are paid out of a permanent reassessment revolving fund of $1,000,000. On October 1 the Commissioner of Finance notifies the county auditor of the amount paid on behalf of such county since October 1 of the preceding year. The county auditor levies a tax in the district or districts which were reassessed to repay the revolving fund. One-half of the tax is levied in the year the Commissioner of Finance notified the county auditor and the remaining one-half is levied in the following year. The county must reimburse the state revolving fund in two installments. If the county fails to reimburse the state at the time specified, the Commissioner of Revenue can withhold state aids or distributions equal to the delinquent amount. (M.S. Sec. 270.18, Subd. 1 and 2)

CLASSIFICATION OF PROPERTY [M.S. SEC. 273.13]

All real and personal property subject to a general property tax and not subject to any gross earnings or other lieu tax is hereby classified for purposes of taxation as provided below:

Class 1 — Iron Ore, whether mined or unmined, shall constitute Class 1 and shall be valued and assessed at 50 percent of its value. If unmined, it shall be assessed with and as a part of the real estate in which it is located, but at the rate of aforesaid. Iron Ore which either (A) is mined by underground methods and either placed in stockpile or concentrated and placed in stockpile or (B) is mined by open-pit methods and, in accordance with good engineering and metallurgical practice, requires concentration other than crushing or screening or both to make it suitable for commercial blast furnace use, and is either placed in stockpile for the purpose of concentration in the course of a concentration operation, or is concentrated and placed in stockpile, for three taxable years after being mined only, shall be listed and assessed in the taxing district where mined at the same amount per ton as it would be assessed if still unmined, except that if such ore contains phosphorous in excess of .180 percent or is classified in the trade as manganiferous ore, then irrespective of whether it requires such concentration or has been so concentrated it shall be so listed and assessed as if it were unmined ore for five taxable years after being mined only, and thereafter such ore in stockpiles shall be valued and assessed as mined Iron Ore, as otherwise provided by law. The real estate in which Iron Ore is located, other than the ore, shall be classified and assessed in accordance with the provisions of classes 3, 3b, and 4, as the case may be. In assessing any tract or lot of real estate in which Iron Ore is known to exist the assessable value of the ore exclusive of the land in which it is located, and the assessable value of the land exclusive of the ore shall be determined and set down separately and the aggregate of the two shall be assessed against the tract or lot.

Class 1A — All direct products of the blast and open hearth furnaces that are utilized in the form produced and are not further processed, shall constitute Class 1A and shall be valued and assessed at 15 per cent of the market value thereof.

Class 1B — "Mineral interest," for the purpose of this subdivision, means an interest in any minerals, including but not limited to gas, coal, oil, or other similar interest in real estate, which is owned separately and apart from the fee title to the surface of such real property. Mineral interests which are filed for record in the offices of either the register of deeds or registrar of titles pursuant to sections 93.52 to 93.58, constitute Class 1b, and shall be taxed as provided in this subdivision unless specifically excluded by this subdivision. A tax of $.25 per acre or portion of an acre of mineral interest is hereby imposed and is due and payable annually. If an interest filed pursuant to sections 93.52 to 93.58 is a fractional undivided interest in an area, the tax due on the interest per acre or portion of an acre is equal to the product obtained by multiplying the fractional interest times $.25, computed to the nearest cent. However, the minimum annual tax on any mineral interest is $2. No such tax on mineral interests is due and payable on the following: (A) Mineral interests valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil, or other similar interests; (B) Mineral interests which are

exempt from taxation pursuant to constitutional or related statutory provisions. Tax money received under this subdivision shall be apportioned to the taxing districts included in the area taxed in the same proportion as the surface interest mill rate of a taxing district bears to the total mill rate applicable to surface interests in the area taxed. The tax imposed by this subdivision is not included within any limitations as to rate or amount of taxes which may be imposed in an area to which the tax imposed by this subdivision applies. The tax imposed by this subdivision shall not cause the amount of other taxes levied or to be levied in the area, which are subject to any such limitation, to be reduced in any amount whatsoever. The tax imposed by this section is effective for taxing years beginning January 1, 1975. Twenty percent of the revenues received from the tax imposed by this section shall be distributed under the provisions of section 362.40.

Class 2A — All mobile homes, as defined in section 168.011, subdivision 8, shall constitute class 2a and shall be valued and assessed at 40 percent of the market value thereof. The valuation of class 2a property shall be subject to review and the taxes payable thereon as provided in section 274.19. See The Assessment of Mobile Homes in Chapter V.

Class 3 — Tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, all agricultural land, except as provided by classes 1, 3b, 3e, all buildings and structures assessed as personal property and situated upon land of the State of Minnesota or the United States Government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall constitute Class 3 and shall be valued and assessed at 33⅓ percent of the market value thereof. All real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be Class 3 property and assessed accordingly. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use.

Class 3B — Agricultural land, except as provided by Class 1 hereof, and which is used for the purposes of a homestead, shall constitute Class 3B and shall be valued and assessed at 20 percent of the market value thereof. The property tax to be paid on Class 3B property as other wise determined by law not exceeding 120 acres less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, for all purposes except the payment of principal and interest on non-school district bonded indebtedness, shall be reduced by 45 percent of the tax; provided that the amount of said reduction shall not exceed $325. Valuation subject to relief shall be limited to 120 acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and, such other structures as may be included thereon utilized by the owner in an agricultural pursuit. If the market value is in excess of the homestead base value, the amount in excess of that sum shall be valued and assessed as provided for by Class 3.

Definition Of Agricultural Land

Agricultural land as used herein, and in section 273.132 (State Paid Agricultural Credit), shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes. (M.S. Sec. 273.13, Subd. 6)

Class 3c, 3cc — All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed at 25 percent of the market value thereof. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, for all purposes except the payment of principal or interest on non-school district bonded indebtedness, shall be reduced by 45 percent of the amount of such tax; provided that the amount of said reduction shall not exceed $325. If the market value is in excess of the homestead base value, the amount in excess of that sum shall be valued and assessed at 40 percent of market value. All real estate which is used for the purposes of a homestead by any blind person, as defined by section 256.12, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof; or by any person (hereinafter referred to as veteran) who served in the active military or naval service of the United States and who is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheel chair, and who with assistance by the Administration of Veterans Affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability; or by any person who is permanently and totally disabled and who is receiving

aid from any state as a result of that disability, or who is receiving Supplemental Security Income for the disabled or who is receiving Workmen's Compensation based on a finding of total and permanent disability, or who is receiving Social Security Disability, or who is receiving aid under the Federal Railroad Retirement Act of 1937, 45 United States Code Annotated, Section 228 b (a) 5 which aid is at least 90 percent of the total income of such disabled person from all sources, shall constitute Class 3cc and shall be valued and assessed at five percent of the market value thereof. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, for all purposes except the payment of principal or interest on non-school district bonded indebtedness, shall be reduced by 45 percent of the amount of such tax; provided that the amount of said reduction shall not exceed $325. If the market value is in excess of the sum of $24,000, the amount in excess of that sum shall be valued and assessed at 33⅓ percent in the case of agricultural land used for a homestead and 40 percent in the case of all other real estate used for a homestead.

Class 3D — Residential real estate, other than seasonal residential, recreational and homesteads shall be classified as Class 3d property and shall have a taxable value equal to 40 percent of market value. Residential real estate as used herein means real property used or held for use by the owner thereof, or by his tenants or lessees as a residence for rental periods of 30 days or more, but shall not include homesteads, or real estate devoted to temporary or seasonal residential occupancy for recreational purposes. Where a portion of a parcel of property qualified for Class 3D and a portion does not qualify for Class 3D, the valuation shall be apportioned according to the respective uses.

Class 3E — Real estate, rural in character, and used exclusively for the purpose of growing trees for timber, lumber, wood and wood products shall constitute Class 3E and shall be valued and assessed at 20 percent of the market value thereof.

Class 3F — Class 3F consists of all buildings and appurtenances thereto owned by the occupant and used by him as a permanent residence which are located upon land the title to which is vested in a person or entity other than the occupant. Such buildings shall be valued and assessed as if they were homestead property within the scope of Class 3B, 3C, or 3CC, whichever is applicable.

Class 4 — All property not included in the preceding classes shall constitute Class 4 and shall be valued and assessed at 43 percent of the market value thereof.

For other portions of the Classification of Property refer to the sub titles listed below which are found in Chapter III, The Assessment of Real Property.

Homestead On Family Farm Corporation Or Partnership

The Assessment Of Townhouses

Homesteads Of Persons In Armed Forces

Parking Ramps In Certain First Class Cities

Buildings and Appurtenances On Land Not Owned By The Occupant

Homestead Established After Assessment Date

Title II Property, National Housing Act

Homestead Tax Credit

The Assessment Of Apartments Of Type I or II Construction

INCOME-ADJUSTED HOMESTEAD CREDIT

The 1975 Minnesota Legislature enacted a new program of property tax relief for homeowners and renters. The tax relief plan, known as the Income-Adjusted Homestead Credit, entitles homeowners and renters to receive a refund for a portion of property taxes payable (or the rent equivalent) that exceed a percentage of household income. To obtain this refund, a homeowner or renter must file an Income-Adjusted Homestead Credit Return, Form M-IHC, with the Department of Revenue.

A person who is a renter or disabled or age 65 or older on June 1 may choose to claim the tax relief as a credit on his Individual Income Tax Return, Form M-1, or he may file separately for the refund on Form M-1HC. Payment of the tax refund is to be made to renters, disabled persons, or senior citizens no later than 60 days after receipt of the Income-Adjusted Homestead Credit Return, Form M-1HC, regardless if the return is filed separately or attached to their Individual Income Tax Return. If a homeowner is not a senior citizen or disabled person, the refund is to be paid after September 30 but prior to October 15. (M.S. Sec. 290A.01 to 290A.21)

The Income-Adjusted Homestead Credit is an outgrowth of the Senior Citizens and Disabled Persons Income Tax Credit and extension of the Rent Credit, both of which have been abolished. The law was amended in 1976 to provide that the Income-Adjusted Homestead Credit for a senior citizen or a disabled person will not be less than they would have received under the 1974 Senior Citizens and Disabled Persons Income Tax Credit, but the maximum credit of $675 is maintained. If a senior citizen or a disabled person did receive less, the Commissioner is to automatically send him a refund check for the difference between what he would have received had the prior years credit not been abolished, but in no case is the maximum credit to

exceed $675. In subsequent years, the Commissioner is to reconstruct the Income-Adjusted Homestead Credit tables for senior citizens to incorporate the amount used in the 1974 senior citizens or disabled persons income tax credit table so most persons are assured of not receiving less tax relief under the Income-Adjusted Homestead Credit. This amendment was effective for taxable years beginning after December 31, 1974.

For homeowners the Income-Adjusted Homestead Credit provides supplemental tax relief to the state paid homestead credit they automatically receive on their property tax statements.

For purposes of the Income-Adjusted Homestead Credit "homestead" means the dwelling occupied as the place of residence and may be a house, apartment, cabin, cottage, motel, hotel, rented room or mobile home whether owned or rented including up to once acre of adjoining land. If the homestead is part of a farm, the taxes accrued for up to 120 acres of land may be used.

On residential properties consisting of more than one acre or on farms exceeding 120 acres, the assessor will need to divide the valuations so the amount of the property tax entitled to the credit can be computed.

WHO MAY QUALIFY — To be eligible for the Income-Adjusted Homestead Credit, a person must have:

(1) been a Minnesota resident for the year the Income-Adjusted Homestead Credit Return is filed, and
(2) held title to his homestead on January 2 of the year following the year for which the claim was filed, or paid rent on a non-exempt rental unit for at least six months of the year covered by the claim, except a claimant who is a senior citizen or disabled may file a claim based on residence in a unit on which ad valorem taxes weren't payable; and
(3) not owed delinquent property taxes; and
(4) not received title to his home for the purpose of claiming this credit or refund; and
(5) be the only member of a household filing a refund claim.

"Gross Rent" means rental paid solely for the right of occupancy, at arms-length, of a homestead, exclusive of charges for any utilities, services, furniture, furnishings or personal property appliances furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not. If the Commissioner determines the gross rent charged was excessive, he may adjust the gross rent to a reasonable amount for purposes of the Income-Adjusted Homestead Credit. (M.S. Sec. 290A.03, Subd. 12)

Any amount paid for taxes by a claimant residing in property assessed as a unit to which the homestead classification has been accorded under M.S. Section 273.133, Subdivisions 1 and 2 (see Homesteads of Co-operatives, Charitable Corporations and Homestead Classification On Dwelling Units Owned By Non-Profit Corporation) shall not be considered as gross rent for purposes of the Income-Adjusted Homestead Credit. However, property taxes charged to the homestead of the claimant are considered as "property taxes payable" for purposes of the Income-Adjusted Homestead Credit even though ownership isn't in the name of the claimant. (M.S. Sec. 290A.03, Subd. 12)

The qualifying tax amount for purposes of the Income-Adjusted Homestead Credit means the "property taxes payable" exclusive of special assessments, penalties and interest payable on a claimant's homestead before reductions made by the state paid homestead credit but after deductions made by the state paid agricultural aid credit and taconite tax relief credit. (M.S. Sec. 290A.03, Subd. 13)

When a homestead is owned in joint tenancy or tenants in common between husband and wife and one or more other persons, the "property taxes payable" for the Income-Adjusted Homestead Credit are to be apportioned among the owners based on the percentage of ownership.

For homesteads which are mobile homes, "property taxes payable" shall also include 20 percent of the gross rent paid in the preceding year for the site on which the homestead is located, exclusive of charges for utilities or services.

WHEN TO FILE — To claim a refund, the claimant must file the Income-Adjusted Homestead Credit Return, Form M-1HC, with the Department of Revenue on or before August 31. This includes claimants whose homesteads are mobile homes. If the claimant is a renter, disabled person or senior citizen claiming this credit on his Individual Income Tax Return, Form M-1, the completed Income-Adjusted Homestead Credit Return, Form M-1HC, must be attached to the claimant's income tax return and be filed on or before April 15.

In the event of sickness, absence, disability or other good cause, the claimant may request an extension of time to file his claim by completing Form M-522E.

Additional information on filing:

(1) The Commissioner of Revenue may extend the time for filing claims for the Income-Adjusted Homestead Credit for a period not to exceed six months in the case of sickness, absence or other disability or when in his judgment other good cause exists.
(2) A claim filed after August 31 or an extended due date is allowed, but the amount of credit is reduced by 5 percent of the amount otherwise allowable, plus an additional 5 percent for each month of delinquency, not exceeding a total reduction of 25 percent.

(3) No claim is allowed if the claim is filed 2 years after the original due date for filing the claim.

WHERE TO FILE — Income-Adjusted Homestead Credit Returns should be mailed to:

Minnesota Individual Income Tax
Centennial Office Building
St. Paul, Minnesota 55145

Or, returns may be delivered in person to the Minnesota Department of Revenue, Centennial Office Building, 658 Cedar Street, St. Paul, Minnesota.

SPECIAL PROPERTY TAX [FREEZE] CREDIT

The 1973 Legislature enacted the Special Property Tax (Freeze) Credit. Beginning January 1, 1974 a person 65 or over or who became 65 was entitled to a refundable credit in the amount of the difference between the Base Year Tax on his homestead property and the Current Year Tax on such property. Base Year Tax means the ad valorem tax due and payable in the year prior to the year in which the claimant reaches 65. Except when the claimant reaches 65 from June 1 to December 31 in any year, the Base Year Tax is the tax that becomes due and payable in the year the claimant reaches 65. Current Year Tax means the ad valorem tax due and payable in the year the claim is made. For example, a person who was 65 or older before June 1, 1974 was entitled to a credit in the amount of the difference between the tax that was due and payable in 1973 (Base Year Tax) and the tax that was due and payable in 1974 (Current Year Tax) and subsequent years.

The 1975 Legislature enacted the Income-Adjusted Homestead Credit which affects the Special Property Tax (Freeze) Credit. Beginning with taxes payable in 1976 the Current Year Tax is reduced by the Income-Adjusted Homestead Credit. The remainder is the Net Current Year Tax. The excess of the Net Current Year Tax over the Base Year Tax is allowed as a credit if the claimant's portion of total combined household income is $10,000 or less. The credit is reduced by five percent for each $500 of income or portion thereof over $10,000. If the claimant's portion of total combined household income is $19,500 or more, no credit is available.

The property on which the credit is allowable must be owned by the claimant as his homestead either solely in his name or in the name of himself and his spouse as joint tenants or tenants in common of a fee title, a life estate or an estate for years or in the name of two or more joint tenants or tenants in common, all of whom would be eligible if they owned the property in their own names, even though they may not be husband and wife. For example, if two persons age 65 or older who are unrelated to each other own and occupy property as a homestead, they will be entitled to the property tax freeze credit based on the portion of the property tax which reflects their ownership percentage.

The homestead must be owned and occupied by the claimant and be classified as a homestead on the property tax list for both the "base year" and the "current year." The homestead may be a single family home, part of a multifamily home, a portion of a multi-purpose building, (i.e., house and business) a mobile home and up to one acre of adjoining land.

Senior citizens or surviving spouses of senior citizens may claim the Special Property Tax (Freeze) Credit on their Individual Income Tax Return, Form M-1, filed together with the Special Property Tax (Freeze) Credit Return, Form M-1HC, by April 15. Or they may file separately for the refund on Form M-1HC on or before August 31.

On properties consisting of more than one acre or of more buildings than the house and the garage, the assessor will need to divide the valuations so the amount of the property tax entitled to the freeze can be computed. (M.S. Sec. 273.011, 273.012 and 290.066)

Definitions — Special Property Tax [Freeze] Credit

QUALIFIED HOME OWNER — The term "qualified home owner" means:

A. A person 65 years of age or older; or
   1. The surviving spouse of a decedent, if such decedent was 65 years of age or older at his death, and such spouse has not remarried; and

B. Who owns property as his homestead, and title to the property so used is held:
   1. In his name as owner of the fee; or
   2. Only in his name and that of his spouse as joint tenants or tenants in common; or
   3. Only in his name, or his name and that of his spouse as owner of an estate for life or an estate for years; or
   4. In the name of two or more joint tenants or tenants in common where each of such joint tenants in common would meet the requirements of a "qualified home owner" if he were the sole owner of the fee.

QUALIFIED PROPERTY — The term "qualified property" means property which meets all of the following conditions:

1. Is a single family dwelling, or is part of a multifamily dwelling, or is a portion of a multipurpose structure, or is a mobile home which is used for the purposes of a homestead, together with one acre of land most contiguous to the structure or mobile home, provided title to such land is held by the person who owns the title to the property described herein; and
2. Is the homestead of a "qualified home owner."

BASE TAX — The term "base tax" means the ad valorem tax due and payable in the year prior to the year

in which the claimant reaches 65, except when he reaches 65 between June 1 and December 31 in any year. In that case the "base tax" is the tax that becomes due and payable in the year the claimant becomes 65.

CURRENT TAX — The term "current tax" means the ad valorem tax legally due and payable on "qualified property" in the year following the year of assessment, reduced by the amount of credit granted with respect to the tax pursuant to the Income-Adjusted Homestead Credit.

AD VALOREM TAX — The term "ad valorem tax" means the tax on "qualfied property" exclusive of all special taxes payable thereon, reduced by the amount of credits granted with respect to the tax pursuant to the homestead classification and the homestead tax credit.

The masculine gender shall include the feminine and the single shall include the plural.

Where "qualified property" is part of a multi-dwelling or multipurpose structure, the valuation of the "qualified property" area shall be determined by apportionment. (M.S. Sec. 273.011, Subd. 1 thru Subd. 8)

Qualified Property Tax Credit

Where the "current tax" on "qualified property" is in excess of the "base tax" on such property, there shall be allowed to the "qualified home owner" thereof a credit equal to the excess of current tax over base tax times the percentage specified below and as hereinafter provided under Chapter 290. In the event that a "qualified home owner" entitled to the credit dies prior to receipt of the credit, his surviving spouse shall be entitled to such credit. If there be no spouse surviving him, the right to such credit shall lapse.

The percentage of the excess of current tax over the base tax allowed as a credit shall be 100 percent for incomes up to and including $10,000 and shall decline 5 percentage points for each additional $500 of income or portion thereof over $10,000. "Income" means income as defined in section 290A.03, subdivision 3. (Income-Adjusted Homestead Credit Act)

The county auditor shall determine the base tax for qualified property for which the credit provided for in this section is claimed in the manner provided by the Commissioner of Revenue and the county auditor shall notify the county assessor of each qualified property for which the credit provided for in this section is claimed. (M.S. Sec. 273.012, Subd. 1 thru Subd. 4)

CONVEYANCING INSTRUMENTS TO INCLUDE NAME AND ADDRESS OF GRANTEE

No contract for deed or deed conveying fee title to real estate shall be recorded by the register of deeds or registered by the registrar of titles until the name and address of the grantee to whom future tax statements should be sent is printed, typewritten, stamped or written on it in a legible manner. An instrument complies with this act if it contains a statement in the following form:

"Tax statements for the real property described in this instrument should be sent to: _____

_____(name)

_____

_____(address)."

(M.S. Sec. 507.092, Subd. 1)

CERTIFICATE OF VALUE

A certificate of value by the grantor, grantee or his legal agent must accompany the deed or instrument of conveyance whenever the title to real property is transferred. The certificate of value should be the amount of the full consideration paid or to be paid including any assumed lien or liens. If the property being transferred or any fraction thereof is exempt from taxation, the certificate should specify the reasons for the exemption. The register of deeds or registrar of titles doesn't need to record the certificate of value but is to forward two copies of it to the county assessor. The assessor is to record the estimated market value and the classification of the transferred property on both copies of the certificate of value and then send one copy to the state. It should be noted a certificate of value must be filed when a contract for deed is recorded. (M.S. Sec. 287.241, Subd. 2)

METRIC CONVERSION CHART

When you know	Multiply by	To find
Inches	2.54	centimeters
feet	30	centimeters
yards	0.9	meters
miles	1.6	kilometers
millimeters	0.04	inches
centimeters	0.4	inches
meters	3.3	feet
meters	1.1	yards
kilometers	0.6	miles
acres	0.4	hectares
hectares	2.5	acres
ounces	28	grams
pounds	0.45	kilograms
grams	0.035	ounces
kilograms	2.2	pounds
teaspoons	5	milliliters
fluid oz.	30	milliliters
cups	0.24	liters
pints	0.47	liters
quarts	0.95	liters
gallons	3.8	liters
milliliters	0.03	fluid oz.
liters	2.1	pints
liters	1.06	quarts
liters	0.26	gallons

RECTANGULAR LAND SURVEY SYSTEM

A legal description of real property identifies that property from all other property in the area and further

defines the location. It is important that this description be correct down to the smallest detail as every letter, word and figure has a meaning regarding the identity of the property.

The rectangular land survey is the most commonly used method of legally describing rural real estate; it embodies listing the title by section, township, range and fractional description of property which is a particular farm or tract of land, thus: NE¼ 25-37-29. In this case we find this is the NE¼ 160 acres of section 25, township 29 north, range 37 west of the 4th principal meridian. (Note figure 1.) It is possible, with this information, for the assessor to orient himself on a map and drive directly to this farm. However, the important thing to notice is the fact that a few simple but exact figures and letters identify and establish location and definite boundaries for a particular tract of land comprising 160 acres. Now even a larger tract can be equally as exact as the above and yet comprise 640 acres; likewise a small tract can be equally as easily located.

There are times when, due to correction lines, township lines result in fractional division of the outlying parcels on the extreme north and west side of the township; these fractions may contain any amount, more or less than 40 acres, and are called Government Lots. Lots are identified by number and start with number 1 in the extreme upper right corner of section one (see figure 1), and move in a westerly direction across the section. Lot numbers on the west edge of the section follow the last number of those on the north side and move in a southerly direction along the west side of the section; lot numbers are often used to identify meandered land around lakes and rivers or fractions created by reason of decreased size due to meander lines.

The illustrated material in figure 1 typifies the situation which exists in relation to meandered land around a lake. Generally lot numbers follow in sequence and move around the section in a counterclockwise direction. As you will note in the lot descriptions in section 6, the land which does not divide equally into rectangular multiples of 40 acres each is described by lot number. Wherever it is possible the remainder of the land is described by legal description such as the next parcel between lot 6 and 11. In this case it is NE¼ SW¼ or a full 40 acre rectangular tract. The remaining 3 full 40 acre tracts can thus be described by simple legal description.

It is essential to have access to an accurate plat book to make certain of descriptions of meandered land identified by lot numbers.

Information contained in and illustrated in figure 2 will clear up some problems in more complicated detailed descriptions of various parcels of small and large land tracts. The shaded portions found in the SE¼ of the SW¼ show fractional amounts that are sometimes found in land descriptions. In the SE¼ SE¼ SW¼ SE¼ SW¼ we find a small tract of .625 acres. This is perhaps the smallest tract that rectangular surveys will describe. Anything smaller would probably be described by lot number.

A second method is known as metes and bounds. This method, fast becoming obsolete, has been in use in America since the earliest days of settlement. Often lacking in precision and accuracy, the method is cumbersome and expensive to use. Land surveyors, attorneys, abstractors and appraisers, have in recent years, made progress in getting titles of property changed from metes and bounds descriptions to rectangular survey or to registered lot numbers.

LAND DESCRIPTIONS BY METES AND BOUNDS

A land description by metes and bounds is defined as one made up of a series of distances taken along prescribed consecutive bearing lines and finally closing a traverse at the point of beginning. The description is plotted on a bearing line in a horizontal plane. The bearing of a line in a horizontal plane is the horizontal angle which the line makes with a North and South line.

On encountering a property described by metes and bounds the assessor may find it necessary to draw out the written description on paper in order to recognize the land described. In so doing the assessor should use a scale small enough to get the map on the paper. In drawing a map or identifying a parcel, the assessor should approach the description in inverse order. By referring first to the town, range and section number he will narrow the description to the correct section. The rectangular survey description within the section should also be approached inversely. When the assessor has found the forty or the lot of which the parcel is a part he should then go to the beginning of the description and trace out the parcel according to the points and distances stated. To illustrate, take the following example: The description reads, "Part of the SW¼ of the NE¼ of section 6, town 29, range 37 described as follows: Beginning at a point in the quarter line 50 rods east of the center of the section, thence north 50 rods, thence east 30 rods, thence south 50 rods to the quarter line, thence west 30 rods to the point of beginning." To identify this parcel the assessor will proceed as follows: Identify the township by the town and range number, the section within the township by the section number (6), the quarter of the section by the quarter last stated (NE¼) in the description, and the forty within the quarter by the previous symbol (SW¼). He has then narrowed the location of the parcel to this particular forty. At this point he should outline the description within the forty by locating the point of beginning which is 50 rods east of the center of the section or 50 rods east of the southwest corner of the forty. That is the point of beginning. It is then apparent that the described land is a parcel 50 rods by 30 rods lying alongside the east line of the forty in the southeast corner.

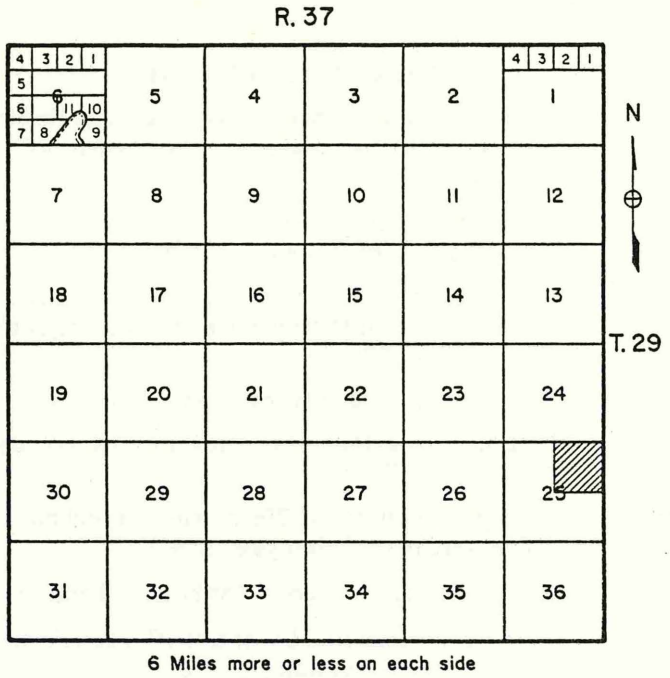

FIGURE 1

Legal descriptions are written in a legal manner as developed by a system known as Rectangular Survey. This system has been devised to simplify and reduce the bulk of words and figures in writing legal descriptions. The key to this system is centered around the basic unit of a township with the subdivision of each township into 36 equal sections of 640 acres each, more or less; for the sake of uniformity and ease in identification these sections are numbered from 1, starting in the upper right hand corner and moving left as indicated and ending with 36 in the extreme lower right hand corner. The above illustration will clarify this statement.

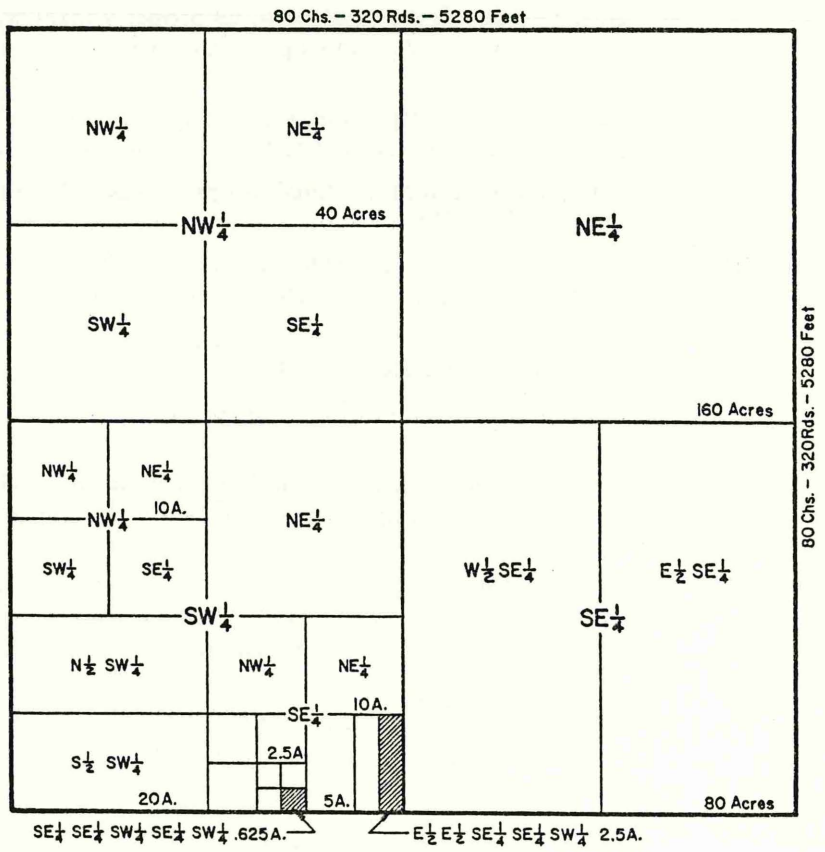

FIGURE 2

ASSESSMENT CALENDAR

These dates apply to all county officials performing assessment duties in Minnesota. They are important dates. Please keep them in mind to make your job easier and to keep the assessment processes functioning according to law.

January 1	Last date for county auditor to transmit abstract of tax lists to the Commissioner of Revenue. 275.29
January 1	Last day for assessor to file the final abstract of assessments with the Commissioner of Revenue. (Includes changes made by State Board of Equalization) 270.11
January, 1st Monday	Certification of tax lists by county auditor to county treasurer. 276.01
January, 1st Monday	Return of previous year's tax lists by county treasurer to county auditor. 279.02
January, 1st Monday	Additional penalty of 2% accrues on delinquent real property taxes which were payable last year. 279.02
January 2	Assessment date of record for both real and personal property. 273.01
February 1	Register of deeds files list of Sheriff's certificates, judgments, decrees, etc. with the county auditor. 272.17
February 15	Last day for a taxpayer claiming an exemption from taxation to file a statement of exemption with the assessor. 272.025
February 15	Last day for the county auditor to file a list of delinquent real property taxes with the clerk of district court. 279.05
February 20	Last day for the clerk of district court to return a copy of delinquent real property taxes list, with notice, to the county auditor. 279.06
February 28	Last day to pay first half of personal property taxes without penalty. Also, last day to pay personal property tax if amount is less than $10. 277.01
February 28	Last day for county auditor to report to the Commissioner of Education the amount of the certified levy of school districts. 275.124
March 1	All unpaid first half personal property taxes become delinquent. Penalty is 8%. 277.01
March, 1st Tuesday [Each odd numbered year]	Last day for county auditor to transmit a certified abstract of the real property assessment roll to each town clerk in his county. 274.18
March 15	First one-fourth payment of government aid to local government subdivisions from the state. 477A.01
March 20	Last day for first publication of list of delinquent real property taxes. 279.09
March	Publisher of delinquent real property tax list files with the county auditor certificate of approval of publication by the county attorney. 279.12
March	Publisher of delinquent real property tax list must file affidavit of publication and three copies of each issue of the newspaper in which the notice and list was published with the clerk of district court. 279.13
April 1	Last day for the county assessor to notify township and city clerks of forthcoming dates for meetings of local boards of review. 274.01
April 15	Last day for renters, senior citizens or disabled persons to file income-adjusted homestead credit return, Form M-1HC, with their individual income tax return, Form M-1. (Or may file, separately for the refund on the income-adjusted homestead credit return, Form M-1HC, on or before August 31) 290A.06, 290A.07

April 15	Last day for senior citizens or surviving spouses of senior citizens to claim the special property tax (freeze) credit on, Form M-1HC, filed together with their individual income tax return, Form M-1. (Or may file separately for the special property tax (freeze) credit on, Form M-1HC, on or before August 31) 290.066
April	Clerk of district court enters judgment for delinquent real property taxes 20 days after last publication of notice and list. 279.16
April	Immediately after judgment is entered, the clerk of district court should deliver a copy thereof to the county auditor. 279.23
May 1	Last day for assessor to return his mobile home assessment books to county auditor. 274.19
May 1	First day for convening sessions of local boards of review. 274.01
May 1	Last day to file application for deferment of taxes and assessment under the Minnesota Agricultural Property Tax Law for the year prior to the year in which said taxes become payable. 273.111
May 1	Last day for local assessors to deliver appraisal records to the county assessor. 273.065
May 30	Last day for county auditor to transmit a list of taxes on mobile homes to the county treasurer. 274.19
May 31	Last day to pay first half of real property taxes without penalties being added. 279.01
June 1	3% penalty accrues on unpaid first half homestead real property taxes, 7% on non-homestead. 279.01
June 1	Last day to file a petition in the office of the clerk of the district court relating to objection of current taxes on real property. 278.01
June 14	Last day for taxpayer to apply for mid-year homestead. 273.13
June 30	Last day to pay second half of personal property tax without penalty. 277.01
June 30	Last day for convening of sessions of local boards of review. 274.01
July 1	First day for convening sessions of county board of equalization or special board of equalization. 274.13, 274.14
July 1	8% penalty accrues on unpaid personal property taxes. 277.01
July 1	Last day to file a petition in the office of the clerk of the district court relating to objection of current taxes on personal property. 277.011
July 10	Date on which county treasurer certifies personal property delinquent list to the clerk of the district court. 277.02
July 15	Last day for county treasurers to mail the tax statements to owners of mobile homes. 274.19
July 15	Last day for convening sessions of county board of equalization or special board of equalization unless a longer session period is approved by the Commissioner. 274.14
July 15	First half payment from the state to the affected taxing districts for homestead tax credit and the agricultural mill rate credit. 273.13, 273.132
July 15	Second one-fourth payment of government aid to local government subdivisions from the state. 477A.01
July 20	Clerk of district court issues his warrants to the sheriff as to delinquent personal property taxes. 277.03

August 1	Last day for assessor to file the initial abstract of assessments with the Commissioner of Revenue. 274.16
August 15	First day for convening sessions of state board of equalization. 270.12
August 31	Last day to pay personal property tax on mobile homes without penalty. 274.19
August 31	Last day for claimants to file for refund on the Income-Adjusted Homestead Credit return, Form M-1HC. 290A.06
August 31	Last day for senior citizens or surviving spouses of senior citizens to claim the special property tax (freeze) credit on Form M-1HC. 290.066
September 1	All unpaid taxes on mobile homes become delinquent. Penalty is 8%. 274.19
September 1	Sheriff files list of uncollected personal property taxes with the clerk of the district court. 277.05
September 10	Last day for the clerk of district court to deliver Sheriff's list of uncollected personal property taxes to the county treasurer. 277.05
September 10	County treasurer to certify list of taxes remaining unpaid on mobile homes to the clerk of district court who shall issue warrants to the sheriff for collection. 274.19
September 15	Third one-fourth payment of government aid to local government subdivisions from the state. 477A.01
September	County treasurer attaches his certificate to the list of uncollected personal property taxes and delivers the list and certificate to the county board. 277.05
October 10	Last day for the certification of amounts to be levied on property by townships, cities and school districts to the county auditor. 275.07
October 16	The tax lists shall be deemed completed, and all taxes extended thereon as of this date each year. 275.28
October	On October 20 or within ten days after the county board has revised the delinquent personal property tax list, the county auditor files a copy of it with the clerk of district court. 277.06
October	Within ten days after receiving the revised list of delinquent personal property tax, the clerk of district court issues a citation to each delinquent. 277.06
October 31	Last day to pay second half of real property taxes without penalties being added. 279.01
November 1	8% penalty accrues on unpaid homestead real property taxes, 12% on non-homestead. 279.01
November 3	Last day to file application for deferrment of taxes and assessment under the Minnesota Open Space Property Tax Law. 273.112
November 15	Last day for the Commissioner of Revenue to certify changes in assessments as revised by the state board of equalization to county auditors unless abstract was late. 270.13
November 15	Last half payment from the state to the affected taxing districts for homestead tax credit and the agricultural mill rate credit. 273.13, 273.132
November 15	Last day for certification by the Commissioner of Revenue to counties of assessments of public utilities, pipelines and transmission and distribution lines outside corporate limits. 273.37
November 15	Last one-fourth payment of government aid to local government subdivisions from the state. 477A.01

November 15 [Each even-numbered year]	Last day for the Commissioner of Revenue to report all the taxable property in the state and its value to each member of the legislature. (Biennial report) 270.06
December 1	Last day for Commissioner of Revenue to certify the homestead base value for the coming assessment year. 273.122
December 1	Last day for the county auditor to add omitted property or change classifications for assessments made in the current or prior year. 273.02
December, 1st Monday	Assessment books to be ready for delivery to assessors. 273.03
December, 3rd Monday [Each even numbered year]	Last day for the Commissioner of Revenue to report all the taxable property in the state and its value to the governor. (Biennial report) 270.06
December 31	Expiration of terms of county assessors every fourth year beginning with 1972. 273.061

COMPUTING ACREAGE FOR SMALL TRACTS

	Width								
	10′	25′	33′	50′	66′	75′	100′	150′	200′
10′	.0023	.0057	.0076	.0115	.0151	.0172	.0230	.0344	.0459
25′	.0057	.0143	.0189	.0287	.0379	.0430	.0574	.0861	.1148
50′	.0115	.0287	.0379	.0574	.0758	.0861	.1148	.1722	.2296
75′	.0172	.0430	.0568	.0861	.1136	.1291	.1722	.2583	.3443
100′	.0230	.0574	.0758	.1148	.1515	.1722	.2296	.3443	.4591
200′	.0459	.1148	.1515	.2296	.3030	.3443	.4591	.6887	.9183
300′	.0689	.1722	.2273	.3443	.4545	.5165	.6887	1.0331	1.3774
400′	.0918	.2296	.3030	.4591	.6061	.6887	.9183	1.3774	1.8365
500′	.1148	.2870	.3788	.5739	.7576	.8609	1.1478	1.7218	2.2957
1320′	.3030	.7576	1.0000	1.5151	2.0000	2.2727	3.0303	4.5454	6.0606
2640′	.6061	1.5151	2.0000	3.0303	4.0000	4.5454	6.0606	9.0909	12.1212
5280′	1.2121	3.0303	4.0000	6.0606	8.0000	9.0909	12.1212	18.1818	24.2424

Example: Tract 150′ Wide x 500′ = 1.7218 Acres

Feet	Yards	Links	Rods	Chains
16.5	5.5	25	1	.25
33.0	11	50	2	.5
49.5	16.5	75	3	.75
66.0	22	100	4	1.0
82.5	27.5	125	5	1.25
99.0	33	150	6	1.5
115.5	38.5	175	7	1.75
132.0	44	200	8	2.0
148.5	49.5	225	9	2.25
165.0	55	250	10	2.5
198.0	66	300	12	3.0
264.0	88	400	16	4.0
333.0	110	500	20	5.0
396.0	132	600	24	6.0
462.0	154	700	28	7.0
528.0	176	800	32	8.0
594.0	198	900	36	9.0
660.0	220	1000	40	10.0
5280.0	1760	8000	320	80.0

Cubic Measure

1728 cubic inches = 1 cu. ft.
27 cubic feet = 1 cu. yd.
1 cubic foot = .8036 bu.
231 cubic inches = 1 gal.
1 cubic foot = 7.48 gal.
128 cubic feet = 1 cord

Square Measure

144 sq. inches = 1 sq. ft.
9 sq. feet = 1 sq. yd.
1/10 acre = 4,356 sq. ft.
2/10 acre = 8,712 sq. ft.
3/10 acre = 13,068 sq. ft.
4/10 acre = 17,424 sq. ft.
5/10 acre = 21,780 sq. ft.
6/10 acre = 26,136 sq. ft.
7/10 acre = 30,492 sq. ft.
8/10 acre = 34,848 sq. ft.
9/10 acre = 39,204 sq. ft.
1 acre = 43,560 sq. ft.
1 sq. acre = 208.7 feet on each side

Angles and Arcs

60 seconds = 1 minute
60 minutes = 1 degree
90 degrees = 1 right angle
90 degrees = 1 quadrant
360 degrees = 1 circumference

Land Measure

1 square mile = 640 acres
1 acre = 160 sq. rods
1 township = 36 sq. miles

Roadways

A road, across one side of a square 40 acre tract—

1 Rod wide = ½ acre
2 Rods wide = 1 acre
3 Rods wide = 1½ acres
4 Rods wide = 2 acres
5 Rods wide = 2½ acres

ESTIMATED WEIGHTS OF SETTLED SILAGE

Depth of Silage Ft.	Weight of Settled Silage in Tons			
	10 ft. Diameter	12 ft. Diameter	14 ft. Diameter	16 ft. Diameter
1	1.26	1.81	2.46	3.22
5	6.55	9.45	12.85	16.78
10	13.74	19.79	26.95	35.18
15	21.44	30.88	42.04	54.87
20	29.45	42.41	57.75	75.38

MINNESOTA LOCAL TAX COLLECTIONS
FISCAL YEARS ENDING JUNE 30, 1975, AND JUNE 30, 1976

	Fiscal Year 1975		Fiscal Year 1976		Change	
	Amount (000's)	% Distribution	Amount (000's)	% Distribution	Amount (000's)	Percent
Property Taxes [1]						
Real Property [2]	$ 995,439	88.22%	$1,077,066	88.60%	$ 81,627	8.20%
Personal Property	44,353	3.93	41,331	3.40	(3,022)	(6.81)
Special Assessments	60,897	5.40	67,230	5.53	6,333	10.40
Mobile Home Property [3]	4,920	.44	5,099	.42	179	3.64
Tree Growth	130	.01	145(e)	.01	15	11.54
Auxiliary Forest	38	*	48(e)	*	10	26.32
Rural Power Lines	6,983	.62	6,515	.54	(468)	(6.70)
Sales Taxes						
Bloomington	854(r)	.08	965	.08	111	13.00
Duluth - 1%	2,425	.21	2,785	.23	360	14.85
Duluth - 3%	147	.01	172	.01	25	17.01
Minneapolis	1,649	.15	1,797	.15	148	8.98
Rochester	415	.04	488	.04	73	17.59
St. Paul	190	.02	193	.02	3	1.58
Franchise Fees						
Minneapolis [4]	3,387	.30	4,035	.33	648	19.13
St. Paul [4]	6,300	.56	7,763	.64	1,463	23.22
Trust Company Gross Earnings	2	*	-0-	-0-	(2)	(100.00)
Wheelage Taxes						
Ramsey County [5]	90	.01	1	*	(89)	(98.89)
St. Cloud [5]	15	*	11	*	(4)	(26.67)
Sand and Gravel Taxes						
Clay County	47	*	43	*	(4)	(8.51)
Norman County	7	*	5	*	(2)	(28.57)
Wilkin County	8	*	15	*	7	87.50
GRAND TOTAL	$1,128,297(r)	100.00%	$1,215,706(e)	100.00%	$87,409	7.75%

"*" means less than .005%.
"r" means revised.
"e" means estimate.

Footnotes

1. Fiscal year 1975 property taxes were levied in calendar year 1974 and were payable in calendar year 1975. Fiscal year 1976 property taxes were levied in calendar year 1975 and were payable in calendar year 1976. Taxes on mobile homes are levied and payable in the same year.

2. After Homestead Credits:	F.Y. 1975	F.Y. 1976	Change Amount	Change %
Regular Homestead Credit	$203,061	$210,991	$7,930	3.9%
Taconite Homestead Credit	3,648	9,263	5,615	153.9

3. After Homestead Credits:	F.Y. 1975	F.Y. 1976	Change Amount	Change %
Regular Homestead Credit	$ 2,651	$ 2,614	$ (37)	(1.4%)
Taconite Homestead Credit	102	346	244	239.2

4. Fiscal year 1975 collections are as of calendar year ending 12-31-74.
Fiscal year 1976 collections are as of calendar year ending 12-31-75.

5. Wheelage taxes on Ramsey County and the City of St. Cloud were repealed for the fiscal year 1975 collections.

Minnesota State Tax Collections
(In Thousands of Dollars)
Fiscal Years Ending June 30, 1975, and June 30, 1976

	Fiscal Year 1975				Fiscal Year 1976				Change in Net Amounts	
			Net				Net			
	Gross	Refund	Amount	% of Total	Gross	Refund	Amount	% of Total	Amount of Difference	Percent Change
Income Taxes										
*Individual	$ 976,593	$ 169,485	$ 807,108	39.86%	$1,066,369	$216,849	$849,520	38.29%	$ 42,412	5.25%
*Corporation	199,004	18,522	180,482	8.91	203,256	27,054	176,202	7.94	-4,280	-2.37
*Bank Excise	16,170	747	15,423	.76	21,280	1,046	20,234	.91	4,811	31.19
Employers Excise Tax										
*Employers Excise Tax	15,240	60	15,180	.75	15,192	316	14,876	.67	- 304	-2.00
Inheritance and Gift Taxes										
*Inheritance	39,705	496	39,209	1.94	42,508	566	41,942	1.89	2,733	6.97
*Gift	2,500	18	2,482	.12	2,836	78	2,758	.12	276	11.12
Sales and Excise Taxes										
*General Sales and Use	384,391	1,531	382,860	18.91	430,842	4,301	426,541	19.23	43,681	11.41
Motor Vehicle Excise	51,346	-0-	51,346	2.54	61,818	65	61,753	2.78	10,407	20.27
*Highway Gasoline	152,169	9,723	142,446	7.03	198,357	10,625	187,732	8.46	45,286	31.79
*Aviation Gasoline	2,025	478	1,547	.08	2,463	592	1,871	.08	324	20.94
*Intoxicating Liquor	39,887	-0-	39,887	1.97	39,640	-0-	39,640	1.79	-247	-.62
*Fermented Malt Beverage	8,991	-0-	8,991	.44	9,699	-0-	9,699	.44	708	7.87
*Cigarette	76,649	2	76,647	3.79	80,377	2	80,375	3.62	3,728	4.86
*Tobacco Products	2,140	2	2,138	.11	2,100	1	2,099	.09	-39	-1.82
*Oleomargarine	1,666	159	1,507	.07	-0-	103	-103	--	-1,610	-106.83
*Mortgage Registration	4,672	-0-	4,672	.23	4,140	-0-	4,140	.19	-532	-11.39
*Deed Transfer	4,208	11	4,197	.21	5,237	6	5,231	.24	1,034	24.64
Motor Vehicle Recycling	816	-0-	816	.04	892	27	865	.04	49	6.00

Minnesota State Tax Collections
(In Thousands of Dollars)
(Continued)

	Fiscal Year 1975				Fiscal Year 1976				Change in Net Amounts	
	Gross	Refund	Net	Net as % of Total	Gross	Refund	Net	Net as % of Total	Amount of Difference	Percent Change
Gross Earnings Taxes										
*Telephone	$ 29,300	$ -0-	$ 29,300	1.45%	$ 33,947	$ 2	$ 33,945	1.53%	$ 4,645	15.85%
*Telegraph	280	-0-	280	.01	249	-0-	249	.01	-31	-11.07
*Railroad, Regular	20,967	-0-	20,967	1.04	20,360	5	20,355	.92	-612	-2.92
*Railroad, Taconite	2,703	-0-	2,703	.13	3,072	-0-	3,072	.14	369	13.65
*Express	-0-	-0-	-0-	--	***	-0-	***	--	-0-	--
*Freight Line	550	-0-	550	.03	532	-0-	532	.02	-18	-3.27
Insurance Premiums	33,481	-0-	33,481	1.65	36,520	-0-	36,520	1.65	3,039	9.08
State Fire Marshall	561	-0-	561	.03	619	-0-	619	.03	58	10.34
Firemen's Relief Surcharge	401	-0-	401	.02	430	-0-	430	.02	29	7.23
*Rural Electric Cooperatives	32	-0-	32	**	33	-0-	33	**	1	3.13
*Boxing Exhibition	18	-0-	18	**	20	-0-	20	**	2	11.11
Severance and Tonnage Taxes										
Royalty Tax										
*Iron Ore	1,532	-0-	1,532	.08	731	-0-	731	.03	-801	-52.28
*Taconite	2,356	-0-	2,356	.12	2,770	-0-	2,770	.12	414	17.57
*Copper-Nickel	2	-0-	2	**	2	-0-	2	**	-0-	-0-
Occupation Tax										
*Iron Ore	9,820	-0-	9,820	.48	5,103	-0-	5,103	.23	-4,717	-48.03
*Taconite	10,235	-0-	10,235	.51	19,218	-0-	19,218	.87	8,983	87.77
*Taconite Tonnage (Production)	11,952	-0-	11,952	.59	30,347	-0-	30,347	1.37	18,395	153.91
Property Taxes										
*Delinquent State Taxes	20	-0-	20	**	11	-0-	11	**	-9	-45.00
*Forfeited Property	2	-0-	2	**	3	-0-	3	**	1	50.00

Minnesota State Tax Collections
(In Thousands of Dollars)
(Continued)

	Fiscal Year 1975				Fiscal Year 1976				Change in Net Amounts	
	Gross	Refund	Net	Net as % of Total	Gross	Refund	Net	Net as % of Total	Amount of Difference	Percent Change
In Lieu of Property Taxes										
Motor Vehicle Licenses	$ 88,940(R)	$ 432	$ 88,508(R)	4.37%	$ 96,360	$ 650	$ 95,710	4.31%	$ 7,202	8.14%
Aircraft Registration	627	-0-	627	.03	598	21	577	.03	-50	-7.97
*Airflight Property	2,334	-0-	2,334	.12	2,189	-0-	2,189	.10	-145	-6.21
Licenses and Permits										
Motor Vehicle Operators	3,859	-0-	3,859	.19	6,259	3	6,256	.28	2,397	62.11
Corporation Filing Fees	774	-0-	774	.04	993	-0-	993	.04	219	28.29
Alcoholic Beverages	342	-0-	342	.02	336	10	326	.01	-16	-4.68
Amusements (Boxing)	7	-0-	7	**	3	-0-	3	**	-4	-57.14
Hunting and Fishing	9,611	-0-	9,611	.47	9,943	-0-	9,943	.45	332	3.45
Boat and Water Safety	646	-0-	646	.03	952	1	951	.04	305	47.21
*Cigarette Distributors	19	-0-	19	**	19	-0-	19	**	-0-	-0-
*Cigarette Wholesalers	17	-0-	17	**	17	-0-	17	**	-0-	-0-
*Tobacco Distributors	6	-0-	6	**	6	-0-	6	**	-0-	-0-
*Petroleum Inspection	832	-0-	832	.04	824	-0-	824	.04	-8	-.96
*Petroleum Distribution	38	-0-	38	**	45	-0-	45	**	7	18.42
Occupation and Business Licenses and Permits not Elsewhere Classified	16,144(R)	-0-	16,144(R)	.80	21,312	37	21,275	.96	5,131	31.78
Subtotal										
Collected by Dept. of Revenue	$2,019,025	$201,234	$1,817,791	89.77%	$2,243,794	$261,546	$1,982,248	89.35%	$164,457	9.05%
Collected by Other Agencies	207,555(R)	432	207,123(R)	10.23	237,035	814	236,221	10.65	29,098	14.05
GRAND TOTAL****	$2,226,580(R)	$201,666	$2,024,914(R)	100.00%	$2,480,829	$262,360	$2,218.469	100.00%	$193,555	9.56%

Totals may not add due to rounding.
R Means revised.
* Means collected by Department of Revenue.
** Means less than .005%.
*** Means collections of less than $500.
**** Excludes Unemployment Compensation Insurance Contributions of:

Fiscal Year 1975	Fiscal Year 1976	Change Amount	Change Percent
$93,517	$98,815	$5,298	5.67%

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