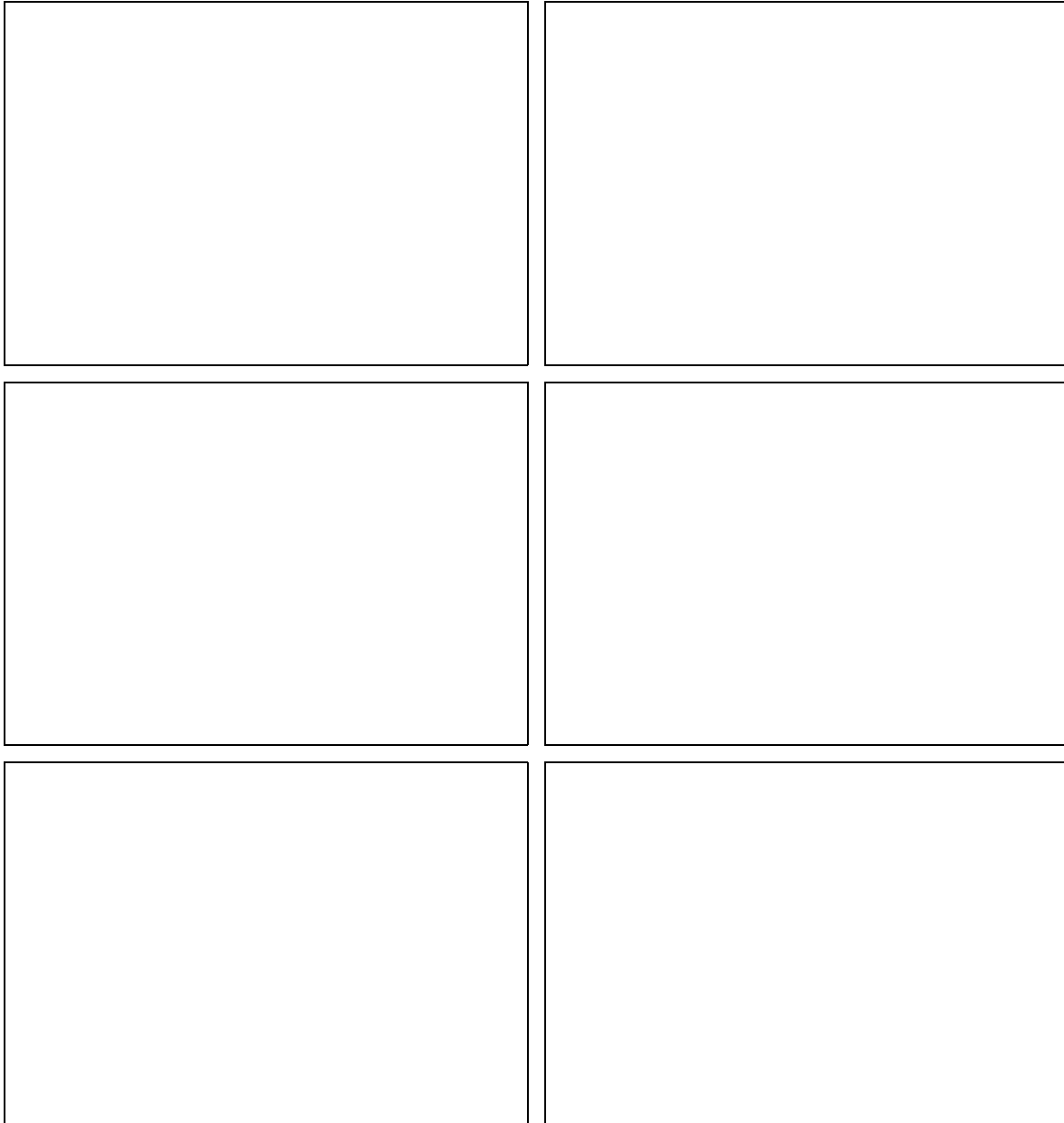

Property Assessments: Structure and Appeals

May 1996

96-07

A B e s t P r a c t i c e s R e v i e w



Office of the Legislative Auditor
State of Minnesota

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Preface

This report is a best practices review — a relatively new kind of report from the Minnesota Legislative Auditor. The purpose of the report is to catalog effective methods in the appeals process and the organizational structure of Minnesota's system of property assessments, demonstrate the conditions under which they may be successful, and encourage their adoption wherever appropriate throughout the state. We based the report on a statewide survey of current practices of counties, cities, and townships, as well as information from other participants in the property assessment system.

This report should be used as a source of ideas that may be helpful to jurisdictions around the state. We hope that Minnesota's local governments will actively use this report to examine their own practices and consider alternative ways of getting the job done as cost effectively and efficiently as possible.

In addition to recommendations to assessors in this review, we list three issues with statewide implications that we observed as we conducted the review: local governments that do not have active boards of review, the lack of minimum guidelines in computerization, and the difficulty in assessing income-producing properties. Appendix A contains a memorandum to the Legislature that addresses these three issues.

We appreciate the assistance of the many assessors, appraisers, employees of the Minnesota Department of Revenue, members of boards of review and equalization, property owners, and others interested in the system of property valuations who provided us with information through surveys, visits, and interviews. The report was researched and written by Jody Hauer (best practices coordinator), Jennifer Moenck Feigelson, and Diane Rydrych, with technical assistance from David Bernier.

*St. Paul, Minnesota
May 1996*

Property Assessments: Structure and Appeals

A Best Practices Review

EXECUTIVE SUMMARY

Property taxes generate the bulk of local governments' revenue in Minnesota. Accurate and uniform estimates of property value are key to a workable property tax system. Whether the property tax burden is distributed as intended by the Legislature — with owners of some types of property, such as commercial buildings, paying heavier shares than owners of other types, such as homes — depends a great deal on the quality of the assessment of property value.

This is a review of two components of local government property assessments in Minnesota: the organizational structure of the assessment system and the process for appealing property value estimates. The review highlights some of the practices related to organizational structure and appeals processes that counties, cities, and townships have found to be effective or efficient. We hope that the information will be useful to local governments interested in measures related to effectively structured assessment systems and well-managed appeals processes.

THE PROPERTY ASSESSMENT SYSTEM

In Minnesota, counties and cities conduct property assessments within a system designed by the Legislature.

***This
review
focuses
on two
aspects of
the
assessment
system:
organiza-
tional
structure
and
appeals.***

By law, Minnesota assessors must estimate land and buildings at their market value, that is, the selling price likely to be obtained during an arm's length transaction in an open and competitive market. Assessors estimate property values as of January 2 each year. These values comprise the tax base that determines who will pay what share of property taxes for local governments' budgets in the following year.

The organizational structure of assessment services — who is responsible for viewing and assessing property — varies somewhat around the state. Similarly, the process for property owners to appeal the estimated value of their property can differ from county to county and within counties.

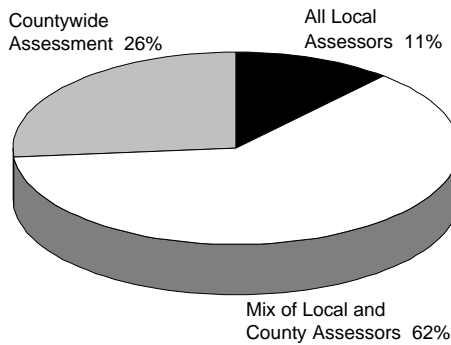
Organizational Structure of Property Assessment

Each of Minnesota's 87 counties has an appointed county assessor, although some counties share assessors. In 1994, 23 counties had a "county-wide assessment system" in which the county assessor offices assessed the value of all property within their boundaries. County assessors in 10 other counties did not view or inspect properties directly, but instead oversaw assessments produced by local assessors working for cities or townships. In 54 other counties, the

**Minnesota
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Legislative Auditor**

May 1996

Counties Grouped by Structure of Assessment Systems, 1994



Note: Does not sum to 100 percent due to rounding error.

Source: Legislative Auditor's Office Survey of Assessors, 1995.

county assessor's office assessed some parcels and local assessors assessed others.

A county assessor provided assessment services for most Minnesota cities and townships in 1994. However, about 43 percent of cities and townships contracted with local assessors or employed their own assessing staff. County assessors are responsible for reviewing the assessments made by local assessors and ensuring compliance with assessment laws. Minneapolis, Duluth, and St. Cloud each appoints a city assessor with the powers and duties of a county assessor.

Property Assessment Appeals Process

During every spring, Minnesota property owners can contest the property values estimated by their assessor. Any time after they receive their property valuation notices, property owners may contact their assessors' office to question their assessments. In addition, state statutes set up two principal routes for appeals beyond the assessor: (1) appealing to a local board of review, a county board of equalization, and, finally, Minnesota Tax Court; or (2) appealing directly to the Minnesota Tax Court.

Taking the first route of appeal, property owners may appear before their local board of review or equalization, most often comprised of the mayor and city council or township board, but sometimes

comprised of a special appointed board. Local boards of review or equalization have authority to determine whether the assessor has properly valued all parcels of taxable property in the assessment district.

Dissatisfied property owners may appear before the county board of equalization, usually made up of county commissioners and the county auditor, but sometimes comprised of a special appointed board. The county board of equalization is authorized to compare property assessments and equalize them so that each parcel is listed at its market value.

Property owners who are still dissatisfied may then file a petition in Minnesota Tax Court, which is a circuit court that meets in judicial district court rooms across the state. Minnesota Tax Court has two divisions: the regular division and the small claims division. In the court's regular division, property owners pay a \$122 fee when they file and

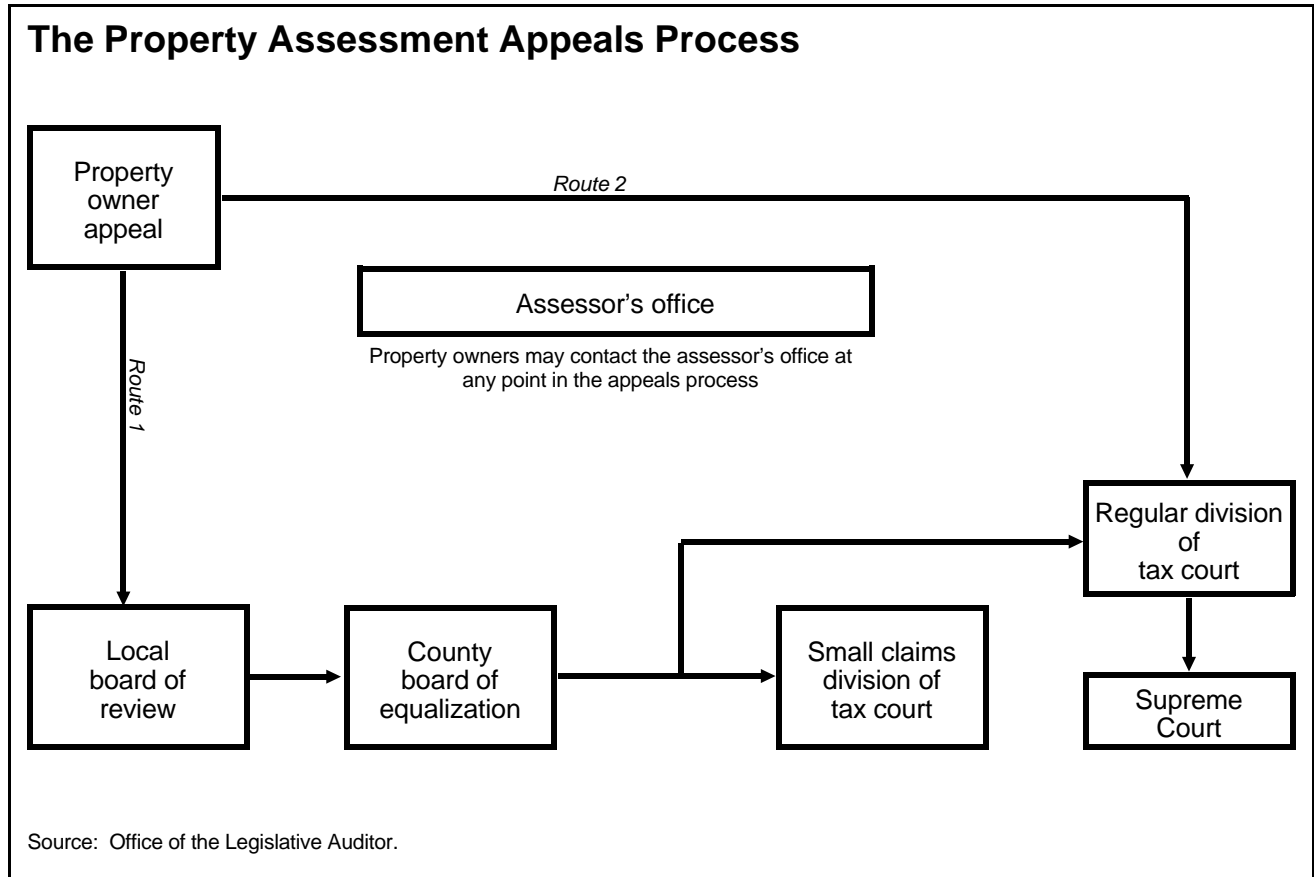
What is this best practices review?

This report identifies some of the effective and efficient practices related to the organizational structure of assessment services and the process for appealing assessments in Minnesota. It is based on a statewide study of the current practices of assessors and boards of review or equalization in counties, cities, and townships.

The purpose of this report is to catalog effective methods, demonstrate the conditions under which they may be successful, and encourage their adoption wherever appropriate throughout the state. Unlike a regular audit or evaluation, this report does not focus on deficiencies, but highlights successful practices.

We hope that Minnesota's local governments will actively use this report to examine their own practices and consider other ideas that contribute to estimating property uniformly and at market value and produce fair, understandable appeals processes.

This best practices review is part of a program created by the Minnesota Legislature in 1994 to identify best practices in local government service delivery.



are often represented by an attorney. Appeals of non-homestead properties with values of at least \$100,000 must be heard in the regular division. In the less formal small claims division individuals pay a \$25 fee and typically represent themselves.

The second major route of appeal involves going directly to Minnesota Tax Court. Property owners may bypass their boards of review and equalization and file directly in the regular division of tax court. The small claims division of tax court is not an option in this route. Using either route of appeal, owners may file a tax court petition until March 31 of the year taxes are due.

Tax Abatement Process

Minnesota statutes allow counties to return taxes already paid by property owners when an error or injustice resulted in an overpayment. Tax abatements can reduce the estimated market value, reduce the tax, or change a property’s classification. Taxpayers may file abatement requests for the current tax

year or, in the case of clerical errors or when the taxpayer fails to file due to hardship, for the prior two tax years. Tax abatements are not a part of the formal appeals process that ends when boards of equalization adjourn in June, but they represent one method for reducing estimates of value under special circumstances.

GOALS AND ACTIONS THAT DEFINE BEST PRACTICES

To help identify best practices, we outlined the goals of effective assessment systems and determined what actions would help fulfill these goals. "Best practices" are the effective methods and techniques used by local governments to meet their goals. However, not every practice listed will apply to every assessment jurisdiction. Local governments will have to come to their own conclusion about what practices make sense for them given their individual needs and circumstances.

First we discuss goals, actions, and practices related to the organizational structure of assessment systems. Then we discuss goals, actions, and practices pertaining to appeals processes.

Effective Organizational Structures of Assessment Systems

We identified two fundamental goals for effectively structured assessment systems:

- **The assessment system should estimate property values at market value in a cost-effective manner.**
- **The assessment system should estimate property values uniformly in a cost-effective manner.**

The first goal means that assessors' estimates should be close to market value, as measured by the selling prices of properties on the open market. The second goal intends that assessors' individual estimates should be equitable. Both goals recognize the limitations of time, personnel, and financial resources.

We also identified two important actions that can help assessment jurisdictions reach the goals. While these actions and the practices related to them are essential, they do not cover the full range of actions that mark effective organizational structures.

Two Actions for Effectively Structured Assessment Systems

- Maintain adequate personnel and equipment to produce assessments accurately and efficiently
- Communicate understandable assessment information to property owners and others interested in the assessment

1. Maintain Adequate Personnel and Equipment to Produce Assessments Accurately and Efficiently

The first action means assessors need sufficient personnel to estimate market values accurately and efficiently. Further, to perform successfully, assessors need basic equipment, such as maps and computers, and access to ongoing training. Without these necessities, assessors' offices cannot expect to produce high quality property valuations efficiently. We describe below some of the best practices related to this action.

• Manage Effective Staff-to-Parcel Ratios

According to appraisal industry standards, a successful mass appraisal program needs at least one appraiser for every 5,000 parcels. Maintaining this minimum personnel ratio will help ensure that the office can adequately complete its appraisal, mapping, drafting, data processing, and administrative responsibilities. Most Minnesota assessment jurisdictions meet this standard.

• Adjust All Parcels' Value Annually

Ideally, assessors should update the values of parcels in their jurisdiction each year to capture ongoing changes in the market. In most Minnesota counties and cities the assessors adjust the value of all parcels annually based on property sales, costs, and other market conditions.

• Conduct a High Percentage of Interior Inspections

Interior inspections allow assessors to verify or update existing data related to the condition, amenities, and other structural features not apparent from the outside of properties. These data permit more precise analyses for estimating values and matching comparable properties. High percentages of interior in-

spections contribute to acceptable levels of assessment.

• **Have a Complete Set of Maps**

Because assessors have to locate and inventory all property in their jurisdiction, a complete set of maps is essential. Maps are necessary for locating properties, determining parcel size and shape, and analyzing geographic features that can affect value, among other things.

• **Use Computers Fully**

Computers dramatically improve the efficiency and accuracy of work required in assessing property values. They expand the range of analyses assessors can readily perform and provide more accurate, current data. Assessors use computers to perform routine calculations and process records but some also use computers to assist in estimating property values. Others use computerized mapping to keep maps as current as possible and help highlight properties that require adjustments to value.

Coon Rapids

The *Coon Rapids City Assessor's Office* uses a geographic information system (GIS) to view its neighborhoods' land values parcel by parcel on color-coded maps. Produced electronically by blending computerized maps and other land-based data, GIS maps are easily updated to reflect market changes.

The maps show assessors whether values are consistent, allowing assessors to quickly yet comprehensively detect and correct equalization problems. The maps show whether all properties affected by certain land uses, such as railroads, are treated equally.

Coon Rapids' assessors have also used GIS to locate properties eligible for value exemptions associated with the "This Old House" program. By mapping the date of residential construction, assessors see where the areas affected by the law lie.

• **Provide Adequate Staff Training and Office Equipment**

Ongoing assessor training is considered essential for effective assessments, given the complexity of the job. Assessors have to be well versed in land economics, appraisal techniques, market analysis, construction materials and types, and income and expense analysis. Certain equipment in addition to computers and maps is also essential, such as field appraisal equipment and cost manuals.



Coon Rapids' City Assessor's Office uses maps generated by a geographic information system.

2. Communicate Understandable Assessment Information to Property Owners and Others Interested in the Assessment

Effective communication is a second important action to reach the goals of estimating property uniformly and at market value. Good communication with property owners is especially needed when assessors notify owners of estimated market values and conduct their field work. We describe below some of the best practices related to this action.

- **Provide Complete and Clear Property Valuation Notices**

The notice of property value is typically the first, and sometimes the only, communication that property owners receive from assessors, making it especially important that the information is complete and stated clearly. Some assessors' offices supplement the valuation notice with brochures or pamphlets to help explain property assessments.

- **Notify Property Owners in Advance**

Before visiting properties in the field, some assessors try to alert property owners about upcoming inspections. Advance notification before inspecting properties contributes to good public relations and may make property owners more cooperative and receptive to the inspection.

- **Prepare for Field Visits**

Preparing for property visits means planning ahead and taking steps to help ensure successful inspections. These include wearing picture identification, establishing a greeting that includes a proper introduction and statement of the visit's purpose, and preparing materials for properties where the owners are unavailable.

Duluth

As a means of improving public relations, the *Duluth City Assessor's Office* sends notification letters to homeowners whose homes are to be reappraised, alerting them in advance of the appraisers' visit.

Appraisers sign and send letters to homeowners about two weeks prior to visiting the neighborhood. The letters make residents aware of appraisers' pending inspections, describe the importance of the inspections for consistent and accurate appraisals, and suggest that owners who will not be home schedule an appointment at their convenience.

The notification letters benefit residents and appraisers. Residents appreciate knowing when the appraisers are working in their neighborhood. Homeowners tend to be more receptive to appraisers' inspections.

Effectiveness by Structure of Assessment System

Generally, assessors in counties from different regions of the state produce an effective level and quality of assessment, although we found that counties with countywide assessment tended to dominate others on certain measures of efficiency and effectiveness. We looked at three structures of assessment jurisdictions in the state: (1) countywide assessment, accounting for 23 Minnesota counties; (2) systems that are largely county assessed, that is, where the county assessor's office assesses at least half of the parcels, accounting for 26 counties; and (3) systems that are largely locally assessed, that is, where the county assessor assesses less than half of the parcels while local assessors assess the majority, with 37 counties.

In many respects, assessors from counties in all three of these structures performed well, according to our data for 1994. For instance, the likelihood that assessors adjusted all parcels' values on an annual basis was the same whether the assessor was in

a county with countywide assessment, a county largely county assessed, or a county largely locally assessed. When comparing effective assessments on residential property, counties from all three structures were likely to produce a good level of assessment, as defined by assessment/sales ratios.

However, on certain measures counties with countywide assessment systems gain advantages related to their structure. For example, the number of assessors in these counties tended to be more efficient than elsewhere. Measures in which countywide assessment systems tended to dominate were typically less common throughout the state, such as use of computer-assisted mass appraisal (CAMA). About 61 percent of assessors in counties with countywide assessment reported using CAMA in 1994, compared to about 38 percent of assessors in other counties.

Because we studied only some of the actions in an effective organizational structure, we cannot conclude that a given structure is the single or even a primary cause of efficiency and effectiveness. We did not examine with enough detail the various techniques assessors used to estimate value, or whether these techniques varied by type of structure, to reach such a conclusion.

We also measured cost effectiveness by counties in these three organizational categories. To do this, we compared total costs per parcel for counties with effective assessments, including both county assessor's costs and estimated local assessors' costs. We defined as "effective" those counties where median sales ratios for residential, agricultural, commercial industrial, and seasonal-recreational residential properties were between 90 and 105 percent in 1994. We found little variation in median costs per parcel among effective assessors' offices in counties with countywide assessment when compared to those in counties largely county assessed or those largely assessed by local assessors.

Effective Appeals Processes

We outlined two goals and five actions of effective processes for property assessment appeals. The goals and actions provide a framework for identify-

ing best practices — those practices that could save resources or improve effectiveness. The goals are:

- **The process should offer a fair and objective forum to appeal property assessments.**
- **The process should be understandable, easy to use, and effective for all participants.**

The first goal implies that a property owner with an assessment dispute should have a viable opportunity to be heard and understood and that all those with similar situations should receive equitable treatment without caprice. The second goal underlines the importance of an appeals process that meets the conflicting needs of three parties: property owners who may not be familiar with property assessment and appeals, assessors whose job it is to complete property value estimates, and board members who sit in judgment of assessors' estimates of value.

We identified five actions that we believe help assessment offices reach these goals. By taking these actions, assessment jurisdictions are more likely to achieve fair and objective appeals processes that are easily understood and effective for participants. Although we believe these five actions are instru-

Five Actions for Effective Appeals Processes

- Foster knowledge about property values and assessment among members of boards of review and equalization
- Resolve property owners' questions objectively, fairly, and efficiently
- Communicate understandable appeals information to property owners
- Provide flexibility in the appeals process to accommodate varying schedules
- Adopt clear tax abatement policies

mental to effective appeals processes, they are not exhaustive.

1. Foster Knowledge About Property Values and Assessment Among Members of Boards of Review and Equalization

Since most individuals serving on boards of review and equalization are not necessarily trained in the field of appraisal, advance preparation helps. Informed board members are better qualified to make educated appeals decisions. We describe below some of the best practices related to this action.

- **Provide Relevant Assessment and Sales Information to the Board**

Many assessors' offices provide information to prepare board members for the board meeting. Pertinent information often includes a review of the board's duties, a discussion of the assessment process, descriptions of value changes and market trends by property type over the past year, a review of the appeals process, recent changes in assessment statistics, and typical questions to expect.

- **As a Board Member, Prepare for the Meeting**

Training courses are available specifically to acquaint elected officials with the assessment process and duties of the boards. Board members may also prepare by familiarizing themselves with the board's process, consulting with the assessor, and reviewing data on market trends.

- **Appoint Members with Relevant Experience to Boards**

The composition of some boards of review and equalization includes members with real estate or appraisal experience. This type of experience helps board members make more

informed decisions and can increase their comfort level with the appeals process.

Blaine

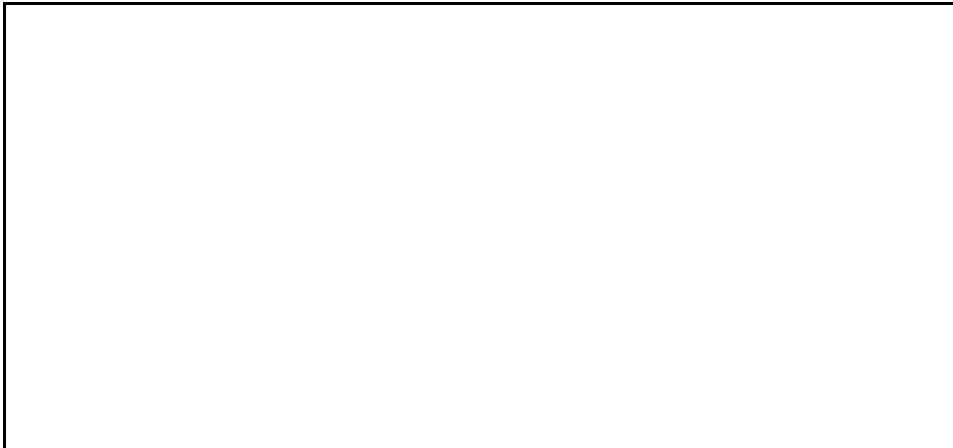
The city of *Blaine* appoints a special board of review with five members, three of whom must be either appraisers or real estate agents.

One of the reasons Blaine initiated the appointed board was to bring to assessment issues those persons who are knowledgeable about buildings and land, their values, and real estate markets. The appointed board has professional experience in residential and commercial building values, understands the issues involved with determining property and land values, and is familiar with local markets.

To connect the work of the appointed board to the elected council members, and to involve council members with assessment issues at the policy level, Blaine's ordinance also established an annual workshop. During the workshop, city council members and board appointees learn about current assessment trends and changes in property tax laws.

2. Resolve Property Owners' Questions Objectively, Fairly, and Efficiently

Assessors receive numerous inquiries from property owners, particularly in the spring following the mailing of valuation notices. To the extent that assessors' offices answer some of the tens of thousands of questions before boards of review or equalization meet, property owners, board members, and assessors themselves can benefit. Some of the practices allowing assessors to resolve inquiries early are actively encouraging property owners to contact the assessors' offices and holding "open book" meetings.



formation written in lay persons' terms and provided in easily read formats. We discuss below some of the practices related to understandable appeals information below.

- **Provide Helpful and Clear Property Valuation Notices**

A property owner speaks before a board of review.

- **Encourage Property Owners to Contact Assessors' Offices**

By encouraging property owners to contact the assessor's office prior to attending the board of review meeting, assessors have a greater opportunity to resolve questions early. Some assessors use the real estate valuation notice to suggest contacting the office as a first step when owners dispute their assessments and using the board of review only after discussion with an assessor.

- **Hold Open Book Meetings**

Some assessors' offices hold informal "open book" meetings during the evenings or weekends to answer property owners' questions. The meetings provide forums for property owners to inquire about their assessment without lodging a formal appeal.

3. **Communicate Understandable Appeals Information to Property Owners**

Effective communications help increase public awareness of the assessment and appeals processes and contribute to a better understanding of the property tax system in general.

Because most property owners do not have real estate or appraisal backgrounds, they need appeals in

formation written in lay persons' terms and provided in easily read formats. We discuss below some of the practices related to understandable appeals information below.

Although state statutes require certain information on the property valuation notice, many assessors' offices use the notices to provide additional information to assist property owners who have questions about their assessment. For instance, many notices include information on steps property owners must take to appeal their assessment.

Dakota County

The *Dakota County Assessor's Office* conducts "open book" meetings each spring prior to meetings of local boards of review. The meetings provide a forum for property owners to meet with appraisers on an informal basis to review information on their property values and receive answers to their questions.

The open book meetings occur over a series of days. Taxpayers may come in any time between 9:00 a.m. and 7:30 p.m. to speak one-on-one with appraisal staff. In this way the assessor's office resolves questions and minimizes the number of owners who appeal their assessments before a local board of review or county board of equalization.

Breckenridge

To help the board of review process run as smoothly as possible, city officials in *Breckenridge* stress open communication and education with their residents. After citizens receive their valuation notices, the city begins an information campaign to educate citizens about the property valuation process.

Using the local newspaper and public-service announcements on cable television, the city advertises names and telephone numbers of the appropriate people to call when residents have valuation questions. In addition, the mayor uses a live radio broadcast to describe the board of review process.

The city council meets to acquaint newly elected members with board responsibilities, the format of the meeting, how members can prepare for it, and the role of the assessor.

- **Develop Additional Information for Property Owners Who Want to Appeal**

Other communications beyond the valuation notice are important year round but particularly during the appeals process. Good information reduces the mystery and increases owners' awareness of the assessment and appeals processes. These communications can also improve public relations.

4. Provide Flexibility in Appeals Process to Accommodate Varying Schedules

Although state statutes prescribe the dates within which boards of review and equalization meet, assessors and boards have leeway in arranging the time and place of the meetings. Some assessment jurisdictions use practices that provide additional flexibility in the appeals process for people with work and family commitments during the day or time and distance constraints.

- **Hold Meetings at Convenient Times**

To make the appeals process more convenient, some jurisdictions hold board meetings during evening hours to accommodate people with traditional work schedules or who live or work outside the county in which the property is located. Open book meetings can also add flexibility.

- **Schedule Appointments**

Appointments to appear at board meetings can benefit both boards and appellants. When assessors know who is appearing, they can provide background information on the property to aid the board's deliberations. Appellants avoid waiting through other testimony.

Cass County

The assessor's office in *Cass County* holds a series of Saturday meetings each year to provide property owners an opportunity to talk informally with assessors about their property assessments.

The principal reason for initiating the meetings was to resolve property owners' questions early and lessen the burden on local boards of review. Each area the county reappraises during a given year is the site for a Saturday meeting.

Taxpayers have voiced approval of the Saturday meetings because they can receive answers to their assessment questions in a comfortable, informal setting. Holding Saturday meetings prior to local boards of review has helped reduce the number of local board appeals 40 percent from the preceding four-year average.

5. Adopt Clear Tax Abatement Policies

Counties grant reductions in estimated market value and tax abatements to taxpayers who paid taxes er -

roniously or unjustly. Tax abatement policies help counties control unnecessary or unfounded abatement requests.

- **Write Explicit Abatement Policies and Define "Hardship"**

Explicit written tax abatement policies give counties a framework to treat all abatement requests uniformly. For counties that consider abatement requests for the two prior tax years, defining hardship sets ground rules for deciding which property owners are eligible.

Beltrami County

In 1994, Beltrami County adopted a structured, well-defined abatement policy. The assessor's office wanted both taxpayers and county officials to have a clear understanding of what taxes the county would and would not abate.

Because of the office's work in verifying homeowners' homestead status each year, the abatement policy limits the time for considering homestead abatements to the year taxes are due. The county also considers other types of requests for the prior tax year when the property is over valued or improperly classified and the property owner provides good reason for not having appealed to the boards of review or equalization.

Following this abatement policy gives staff definitive guidelines for determining what abatement requests qualify and benefits taxpayers because all abatement requests are judged by the same standards.

dedicated assessors and individuals on boards of review and equalization trying new methods and working to improve their services. Designing effective processes for appealing assessments typically requires planning and taking steps far in advance of the formal appeals process designated in statutes. Some assessment jurisdictions have aggressively worked to increase the efficiency of their process while recognizing the needs of property owners who may be unfamiliar with assessing and real estate markets. Although assessment services are structured differently around Minnesota, the type of structure does not seem to inhibit assessors' ability to produce quality assessments. Assessors have had to adapt to circumstances and needs in their own jurisdictions. Yet many of the ideas and practices they use are suitable for others as well.

In addition to the effective practices and methods we observed during this review, we noted three issues that deserve attention from the Legislature: (1) the small yet troubling number of local governments that do not fulfill their statutory obligations as boards of review; (2) the lack of minimum guidelines in computerization of assessment work; and (3) the difficulty some assessors may face estimating values of income-producing properties.

To address these issues we think the Legislature should:

- **Consider allowing Minnesota cities and townships with inactive boards of review to delegate their powers and duties as boards of review to the county board of equalization or a local board authorized to represent multiple cities or townships.**
- **Establish a task force to evaluate the need for minimum statewide guidelines for computer systems used by assessors.**
- **Consider a range of actions to improve the process of estimating values for income-producing properties. The costs and benefits of each action to both assessors and property owners should also be considered.**

CONCLUSION

Best practices in assessment jurisdictions range from measures that are widespread to those less commonly found. During the review, we observed

Introduction

In 1994 the Legislature gave responsibility to the Office of the Legislative Auditor for conducting best practices reviews of local government services in Minnesota.¹ Minnesota's approach is similar to one used by the British Audit Commission in England and Wales to determine the "state of the art" in the delivery of local services. The Minnesota Legislature created this new tool to identify practices for delivering local government services more efficiently or more effectively.

While traditional auditing produces reports that identify organizational and performance deficiencies, best practices reviews identify successes in the design and delivery of services. Success is defined as achieving a high level of desired efficiency and effectiveness within cost constraints. The Legislature hopes that communities can improve their service delivery by learning about effective methods used by other similar jurisdictions. Our intent is to provide information to local jurisdictions about the process for appealing property valuations and the structure of property assessment systems that could improve efficiency and effectiveness. While we understand that every practice cannot, and should not, be adopted everywhere, we identify many ideas — old, new, and evolving — that could prove effective to assessors around Minnesota.

When the 1994 Legislature established the best practices reviews program, it

A best practices review looks at effective and efficient methods of delivering local government services.

created a local government advisory council to help the Legislative Audit Commission select topics for reviews. The advisory council consists of three members appointed by the League of Minnesota Cities, three appointed by the Association of Minnesota Counties, and two by the Association of Metropolitan Municipalities. In the summer of 1994, the advisory council recommended a review of property assessments. The Legislative Audit Commission approved this topic in September 1994.

SCOPE OF THE REVIEW

This review focuses on two distinct aspects in the system of property assessments: (1) the organizational structure of assessment districts, and (2) the process for appealing assessors' estimates of property value. We do not examine the methods for inspecting and appraising properties or professional standards for appraisal. Because professional organizations, such as the International Association of Assessing Officers and the Appraisal Foundation, have established and continue to enhance appraisal procedures and standards, we concentrated our research instead on property appeals and organizational arrangements.

We use this review to first present some goals that we think ought to

¹ Minn. Stat. §3.971, subd. 4.

guide the structure of assessment systems and appeals processes. The goals provide a framework for identifying actions and methods that can be defined as best practices. Then we describe some concrete examples of select local governments that currently use the best practices to save resources or improve service delivery.

To conduct this review, we collected information in a variety of ways. In addition to a review of current literature on the property assessment system, we held a roundtable discussion with practitioners in the field of assessment; conducted field observations of assessment staff and boards of review and equalization; surveyed assessors, board members, and property owners who appealed their valuations; interviewed tax court appellants and tax court attorneys; and visited select counties, cities, and townships around Minnesota. A ten-person technical panel and a consultant provided us with technical and professional assistance throughout this review. (Appendix I lists these individuals and Appendices B, C, and D contain more information on how we conducted this review.)

HOW THIS REPORT IS ORGANIZED

This report has four chapters. Chapter 1 provides background information about Minnesota's system of property assessment and where the appeals process fits into the system. Chapter 2 contains goals and actions related to effective structural arrangements of assessment districts. Chapter 3 presents goals and actions for effective appeals processes. Chapter 4 provides detailed examples of effective practices currently in use by select counties, cities, and townships.

Background

CHAPTER 1

Assessing property values is an essential component of Minnesota's property tax system, where property owners are taxed according to their property's value. Generally, property owners pay higher taxes if they own property of higher value and lower taxes if they own lower-valued properties.

Assessments define the tax base and, consequently, determine who pays what share of the property tax burden. If some properties' valuations are too high, those property owners will pay more than their fair share of property taxes. Conversely, if some properties' valuations are too low, those owners will pay less than their fair share. When property is valued correctly, the property tax burden is distributed equitably, as defined by the Legislature. The process in Minnesota for appealing estimated market values helps assure residents that estimates are both correct and equitable.

This chapter presents background information about various aspects of the property assessment system. We first provide a general description of the system of property assessment in Minnesota. This includes an analysis of how the system is structured and how responsibilities are divided between counties and local jurisdictions. We then take a look at the specific process for appealing property assessments. In this chapter we ask:

This report reviews the structure of Minnesota's property assessment system and the appeals process.

- **What are the general components of the property assessment system? How is the system structured?**
- **Where does the appeals process fit into the property assessment system?**
- **What steps are involved in appealing valuations?**
- **How do appeals processes differ around the state?**

Part of the information we used to answer these questions came from surveys we conducted of assessors and boards of review or equalization in all 87 Minnesota counties, all 118 cities with populations of 5,000 or more, and 100 each of randomly selected smaller cities and townships. Data from these surveys pertained to calendar year 1994. We also relied on information gathered from our survey of 713 property owners who appealed to boards of review or equalization around the state in 1994. (Appendix B contains more information about the results and methodology of the surveys.)

THE PROPERTY ASSESSMENT SYSTEM

Local governments generally provide the service of assessing, but within a framework set by the Legislature.

State statutes govern many aspects of assessors' jobs and prescribe an annual cycle of assessment activities. (See Figure 1.1.) Over any given year, the assessment cycle includes: setting the estimated market values for all taxable property, arranging and conducting an appeals process, visiting and inspecting parcels of property within the assessment district, and analyzing the market to determine the estimated values for the next year.

Estimating Market Value

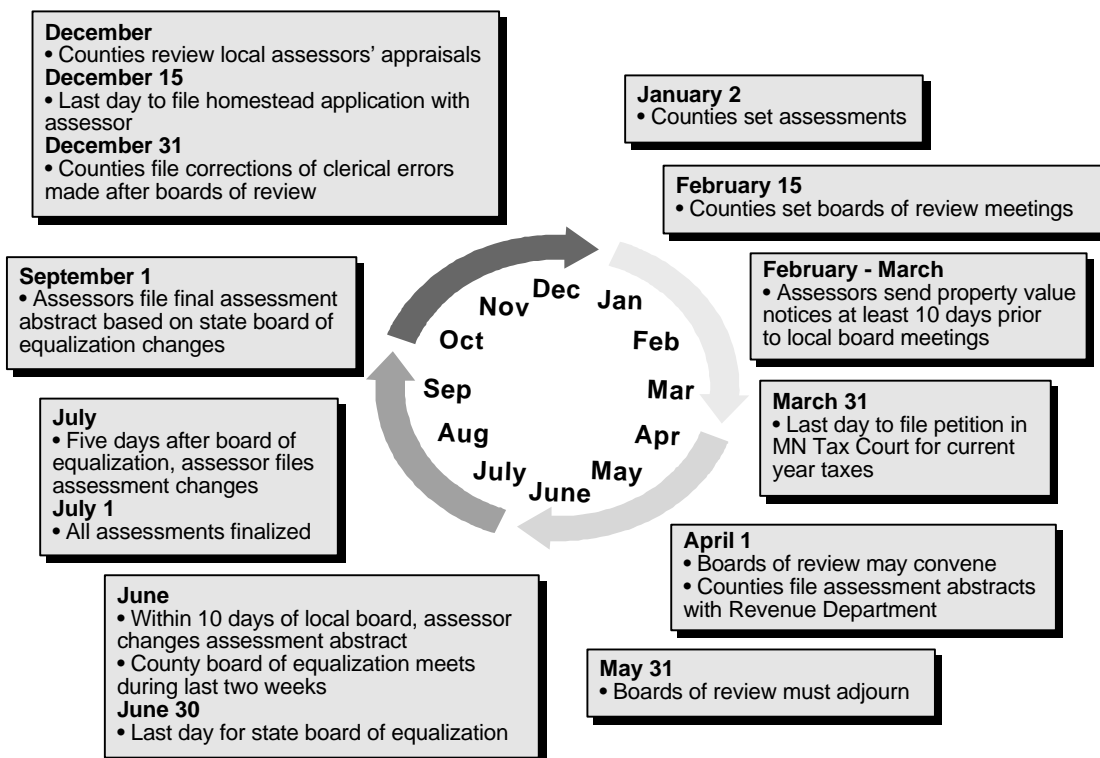
In estimating property values, Minnesota assessors must estimate land and buildings at their market value.¹ Market value is the selling price that is

likely to be obtained during an arm's length transaction in an open and competitive market.²

Each year, assessors must set the estimated market value for parcels of real property as of January 2.³ These assessments are the values that will be used when local governments set their budgets in the coming months and calculate taxes for the following year. Thus, assessments set as of January 2, 1996 will eventually form the tax base that determines the amount and distribution of property taxes paid in 1997.

Minnesota statutes require assessors to view and determine the market value of real taxable property at

Figure 1.1: Major Statutory Dates that Affect Assessment Activities



Source: Office of the Legislative Auditor.

¹ Minn. Stat. §273.11, subd. 1.

² Minn. Stat. §272.03, subd. 8. Other definitions of market value exist, as defined by professional appraisal organizations, but they all denote the ideas of prices resulting from sales in an open, unconstrained market, conducted by willing and informed buyers and sellers acting in their own best interests.

³ Minn. Stat. §273.01.

maximum intervals of four years.⁴ This requirement recognizes that market forces, building improvements, public improvements such as streets, and other economic changes affect property values. In most cases, assessors adjust property values annually even though they may not physically view all properties each year. Certain properties, such as churches, schools, and public cemeteries, are exempt from taxation. Nonetheless, the assessor must estimate the value of tax-exempt property and designate its use every six years.⁵

The Minnesota Department of Revenue uses statistical measures to annually judge the quality of the assessments submitted by county assessors. The department produces assessment/sales ratio studies to evaluate the assessment level and uniformity. Commonly referred to as "sales ratio" studies, the analyses compare the actual prices at which properties sold to the market values estimated by the as-

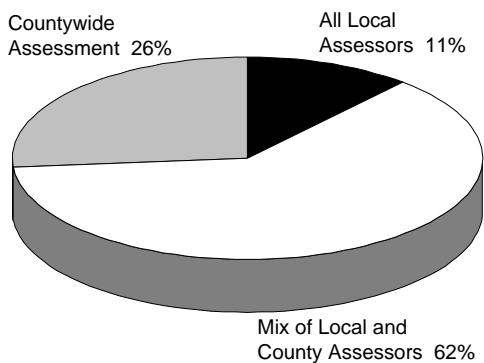
essor. In general, the closer the estimated values are to the selling prices of property, the closer they are to market value.

In Minnesota, the State Board of Equalization is the Commissioner of Revenue. Statutes charge the Board of Equalization with examining assessments provided by the counties and equalizing them so that all property is assessed at its market value.⁶ The board uses the sales ratios developed by the department to determine whether the median sales ratio of an assessment falls within a range of 90 to 105 percent for any given classification of property. Communities with assessments that do not meet this criterion may receive a state board order requiring the assessor to change the assessment so that it complies.

Organizational Structure of Property Assessment in Minnesota

Each of Minnesota's 87 counties has a county assessor, who works in varying degrees with local assessors.⁷ In some counties, cities and townships either employ or contract with local assessors for their property valuations. In these counties, the county assessor is responsible for advising and assisting local assessors, reviewing the assessments they make, and ensuring compliance with assessment laws. In other counties, local assessors and the county assessors' office divide responsibility for assessments. Still other counties have opted to use the county assessor's office to assess all parcels within their boundaries, employing no local assessors.⁸ (See Figure 1.2.) In these so-called countywide assessment systems, the county assessor's office inspects all parcels and estimates all market values. In our survey of Minnesota assessors, we found that:

Figure 1.2: Counties Grouped by Structure of Assessment System, 1994



Note: Does not sum to 100 percent due to rounding error.

Source: Legislative Auditor's Office Survey of Assessors, 1995.

⁴ *Minn. Stat.* §273.08.

⁵ *Minn. Stat.* §273.18.

⁶ *Minn. Stat.* §270.12, subd. 2. Equalization refers to techniques used to correct inequities in the assessment among classes of property or assessment jurisdictions.

⁷ A few counties share the services of a single county assessor; for instance, Mahnomon and Norman Counties in northwestern Minnesota use the same assessor.

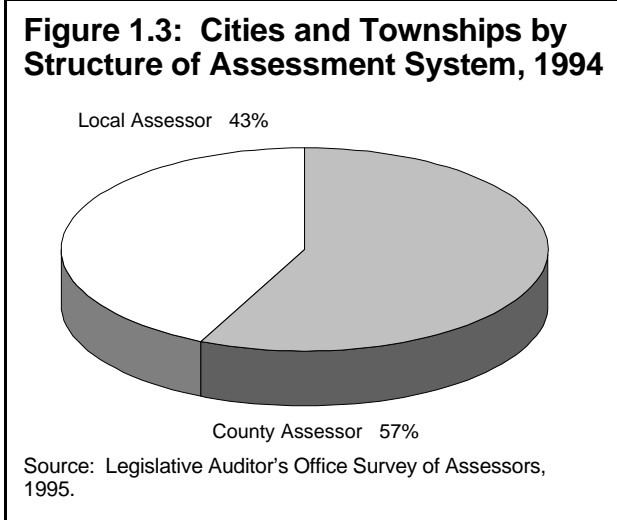
⁸ Since 1969, counties have had the authority to pass resolutions establishing countywide assessment systems. (See *Minn. Stat.* §273.052.) In communities with local assessors, the county assessor may appraise certain types of property, such as industrial, when local assessors are not qualified to do so.

- Sixty-two percent of counties used a mix of local and county assessors, 26 percent had a countywide assessment system, and 11 percent used all local assessors in 1994.⁹

As shown in Figure 1.3, most Minnesota cities have assessment services provided by their county assessor. We found that:

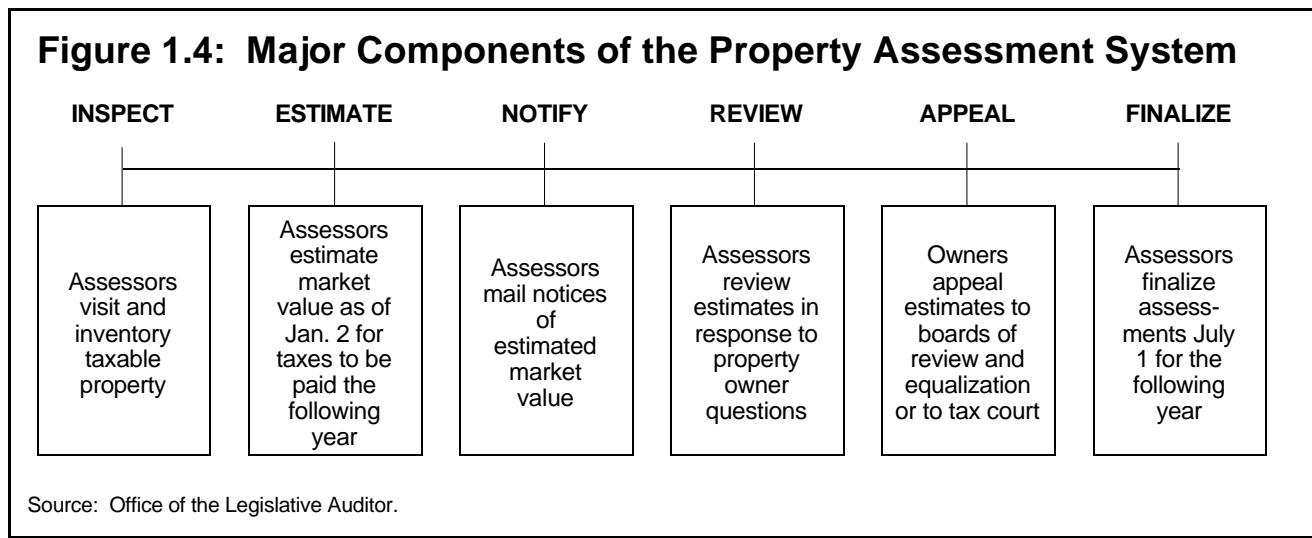
- Nearly 57 percent of Minnesota cities and townships used the county assessor for assessment services in 1994, while 43 percent used local assessors.

Minneapolis, Duluth, and St. Cloud each appoints a city assessor who has the powers and duties of a county assessor.¹⁰ Of cities and townships we surveyed with local assessors, 65 percent had contracts with local assessors and 35 percent had their own staff assessors.¹¹ No townships reported employing their own assessment staff.



THE PROPERTY ASSESSMENT APPEALS PROCESS

The process for appealing property values is one specific component of the property assessment system. (See Figure 1.4.) Assessors may use sophisticated statistical models to gauge market trends and rely on years of real estate experience to help them



⁹ County assessors in all 87 counties responded to our survey.

¹⁰ St. Cloud's city assessor has the powers and duties of a county assessor due to the city's location amidst three separate counties. (See *Minn. Laws* (1974), Ch. 175.) Assessors in cities with populations of at least 30,000 also have the powers and duties of county assessors, with the distinction that the county assessors still retain supervisory duties. (See *Minn. Stat.* §273.063.) The city of St. Paul and other cities in Ramsey County are exceptions to this statute because of Ramsey County's countywide assessment system.

¹¹ Of the 318 cities and townships we surveyed, 86 percent responded. Results are subject to a sampling error of plus or minus 4 percentage points.

arrive at estimated market values. However, accurate assessing is not an exact science. Further, assessors who meet all the standards for effective and uniform assessments may still face appeals from property owners.

All property owners are entitled to dispute the estimated values of their property, regardless of how close to market value the assessor's estimate was. For example, if the market for lakeshore properties is very strong and driving up prices, the assessors' estimates will reflect that. In this instance, even lakeshore owners who did nothing to improve their property will see an increase in their estimated market values, which could result in a high number of appeals. Accuracy notwithstanding, property owners may question assessors' estimates.

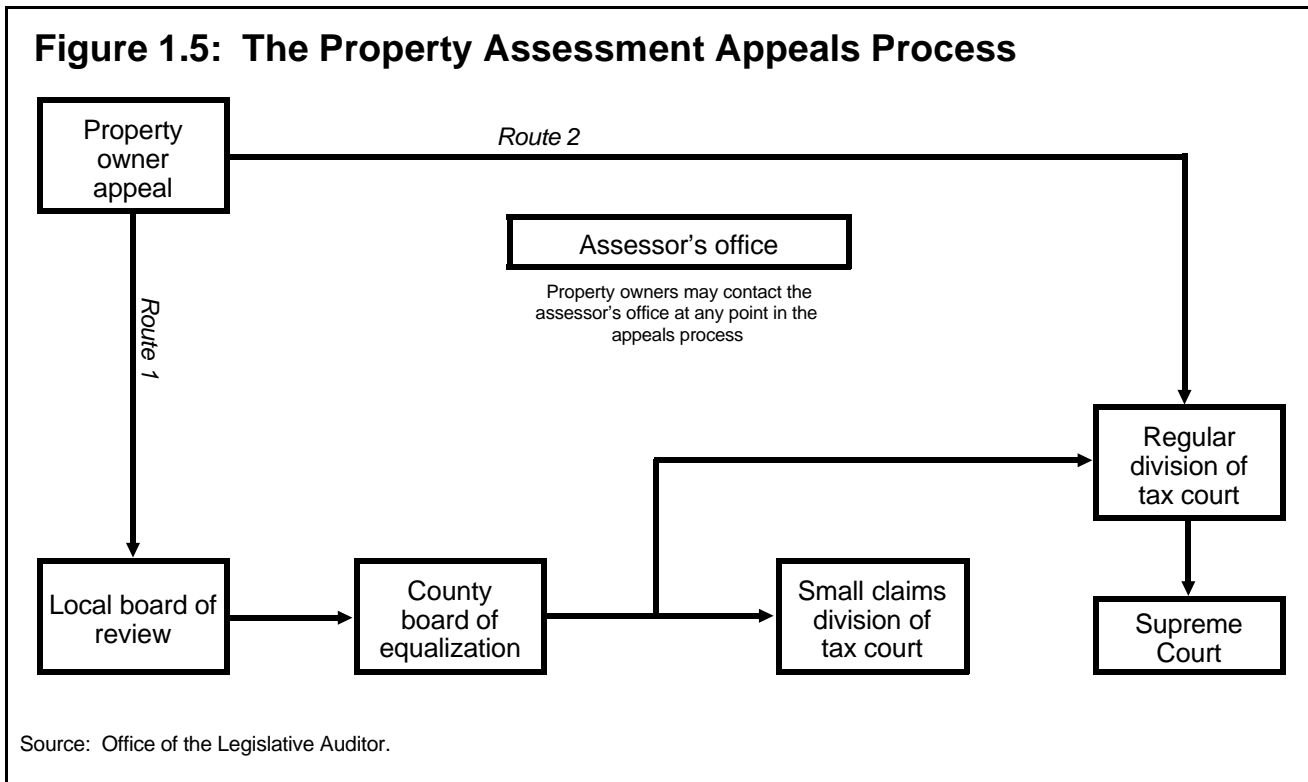
Recognizing this, the state designed a system that allows property owners to challenge assessors' estimated market values. Minnesota property owners basically have two routes they may take to appeal their assessments: (1) appeal to the local board of review, then to the county board of equalization,

and then to Minnesota Tax Court; or (2) appeal directly to Minnesota Tax Court. (See Figure 1.5.)

However, before each of these formal appeals routes property owners may contact their assessors' office to question their assessments — which many do. Assessors in 1994 received tens of thousands of assessment questions statewide prior to the boards of review. Over half the county assessors estimated that they resolved between 75 and 100 percent of those questions received prior to board meetings.

Appealing to Boards of Review and Equalization

The first route of appeal is a three-step process that involves meeting with boards. Property owners may initially appear before a local board of review. Typically consisting of the township board or city council, the local board of review is authorized to determine whether the assessor has properly valued all parcels of taxable property in the assessment district.¹² According to our survey of county assessors:



¹² Minn. Stat. §274.01, subd. 1.

- **Local boards of review received over 15,000 appeals in 1994.**

If property owners remain dissatisfied with their estimated value, they may appear before a second board, the county board of equalization. This board, usually made up of the elected county commissioners and the county auditor, meets to compare property assessments and equalize them so that each parcel in the county is listed at its market value.¹³ Property owners who contest their values to the county board of equalization must have first appeared before the local board of review.¹⁴ Persons who fail to appear before their local board may not proceed to their county board. We found that:

- **County boards of equalization received over 1,300 appeals in 1994.**

The third and final step property owners may take in this route of appeal is to file a petition in Minnesota Tax Court. The tax court, with three judges appointed by the governor, is a circuit court that meets in district courtrooms around the state. Tax court has two divisions: (1) the small claims division and (2) the regular division.

The small claims division of tax court, in which owners pay a \$25 appeal fee when filing the appeal and typically represent themselves, has jurisdiction over cases involving homes and non-homestead property of \$100,000 or less.¹⁵ Property owners must have appeared before both their local board of review and county board of equalization to file with the small claims division. The small claims division is less formal than the regular division and decisions do not set precedent. Judgments from the small claims division may not be appealed.

In the regular division of tax court, property owners pay a \$122 appeal fee when filing a petition and are most often represented by an attorney. Cases in -

volving non-homestead properties with values of at least \$100,000 must be filed in the regular division. Unlike the small claims division, cases heard in the regular division may be appealed to the Minnesota Supreme Court.

Appealing Directly to Minnesota Tax Court

The second route for appealing property assessments is going directly to the regular division of Minnesota Tax Court, bypassing the local boards of review and equalization. The same filing requirements and deadlines apply. However, property owners who take this route may not file in the small claims division.

Most of the petitions filed with Minnesota Tax Court are for the regular division. Only a fraction of property owners who appeal to their local boards of review continue the process and appeal to their county boards of equalization, and an even smaller percentage continue on to tax court. Because the small claims division requires property owners to have appeared before their local and county boards, the number of petitions filed in the small claims division is quite small relative to the regular division.

Of the thousands of tax court petitions filed each year in Minnesota, the majority do not actually go to trial. Instead, in most cases the property owner and the assessor end up settling the case or the property owner dismisses the case. We found that:

- **Over a three-year period between 1992 and 1994, when taxpayers filed over 15,000 petitions in Minnesota Tax Court, 69 percent of the cases were settled, 20 percent were dismissed, 9 percent went to trial, and 2 percent ended in a variety of other results.**¹⁶

¹³ *Minn. Stat.* §274.13, subd. 1.

¹⁴ Owners may physically appear before the board, have someone else represent them at the board meeting, or provide written communication of their appeal. Any of these three actions qualifies owners to proceed with their appeals to other venues, if they wish.

¹⁵ Both the small claims and regular divisions may charge law library fees in addition to appeal fees.

¹⁶ State of Minnesota Tax Court, *Case Management System, Case Disposition Report, Property Pay Years 1992-1994* (St. Paul, 1993-1995). Numbers of cases settled, dismissed, and in trial include closed cases and open cases that await paperwork. These are cases for property taxes paid in 1992, 1993, and 1994.

Abating Taxes

Tax abatements are not a part of the formal appeals process. Nonetheless, we discuss them in this review because abatements are one method that property owners may use to reduce estimated market values in special cases.

With tax abatements, Minnesota counties have authority to return tax dollars to property owners who paid taxes unjustly or erroneously. Taxpayers may receive abatements to reduce the estimated market value, reduce the tax, or change a property's classification.¹⁷

Prior to 1990, the Department of Revenue reviewed every abatement request. However, a 1990 law change gave counties discretion over tax abatements. Despite this county discretion, state statutes prescribe the reasons for granting abatements, timelines within which they may be considered, and lines of authority for approving them.¹⁸

According to our survey:

- **Minnesota counties received nearly 11,000 abatement applications in 1994.**

Before a county decides an abatement request in any amount greater than \$10,000, it must give 20 days notice to the school district and city in which the subject property is located. If either the school board or municipality objects to the abatement, the county must refer the abatement to the commissioner of revenue.

Applications for abatements must receive approval from the county assessor (or the city assessor in certain cases), the county auditor, and the county board

of commissioners.¹⁹ If any of these three fail to approve the abatement request, the request is denied. A taxpayer whose abatement request is denied cannot appeal the decision in tax court.

DIFFERENCES IN APPEALS PROCESSES

All assessment districts in Minnesota have some process for appealing property valuations, usually involving a local board of review and county board of equalization. These boards listen to residents question their property assessments, hear assessors justify their assessments, and determine, to the best of their ability, the estimated market value or classification of the property in question. In this section we present some of the differences in the property assessment appeals processes. We discuss differences in boards of review and equalization, tax court, and abatements.

Communities without Local Boards of Review

In two counties, Ramsey and Dakota, the local board of review process is quite different from that of other counties. Ramsey County not only provides assessment services for all municipalities in the county, but its board of equalization also serves as the board of review for all residents.²⁰ In effect, Ramsey County residents do not have a three-step appeals process as citizens do in other counties. If property owners want to formally appeal their assessments, their first step is appearing before the county board of equalization, not a local board of review.

¹⁷ Many states around the country authorize local governments to grant tax abatements as an incentive for economic development. By contrast, Minnesota has allowed abatements only to correct errors or refund taxes unjustly paid. The 1996 Legislature granted county boards authority to abate county taxes on commercial or industrial property receiving improvements of certain amounts. The authority lies in nonmetropolitan counties where the county tax rate is at least 45 points higher than a neighboring county. (See *Minn. Laws* (1996), Ch. 471, Art. 3, Sec. 37.)

¹⁸ *Minn. Stat.* §375.192, subd. 2.

¹⁹ A 1995 law change allows the county board to delegate its authority regarding abatements to the county auditor. (See *Minn. Laws* (1995), Ch. 264, Art. 3, Sec. 26.)

²⁰ Ramsey County has operated a countywide system since at least the 1930s, according to Ramsey County Assessor Brian Ducklow. In 1974, the Legislature passed a law officially conferring to the county assessor authority for assessing all taxable property in Ramsey County, including that in St. Paul. (See *Minn. Stat.* §383.33, subd. 4.)

Dakota County also has a different system. Special legislation in 1991 enabled Dakota County cities and townships to delegate board of review duties to the county board of equalization.²¹ Eleven out of 34 communities, representing about 65 percent of the parcels in the county, have chosen this option. As in Ramsey County, the city councils in those 11 cities no longer operate as local boards of review.

Active Boards of Review

Some boards of review were more active and placed a higher priority on the board's function in 1994 than others. A small percentage of local governments responding to our survey said that they did not have a local board of review, when in fact they should have, and other local boards did not meet with a quorum of members. We found that:

- **Out of 255 cities and townships that responded to our survey of board of review members, 7 percent said that they did not have local boards of review, even though they were required by law.**²²

Most local boards of review met in 1994 as required. Roughly half of Minnesota county assessors reported that all of their county's local boards of review met in 1994 with quorums; another 38 percent said at least three-quarters of their local boards met with quorums. However, in 6 counties the number of boards that did not meet with quorums was significant — these county assessors reported that only between 25 and 50 percent of their local boards met with quorums. The majority of local boards across Minnesota that did not meet with quorums were in smaller cities and townships. When quorums were not present, assessors usually met with any residents who appeared and tried to resolve their questions without the presence of the board. In these situations, if the informal negotiations resulted in changed values or classifications, the assessor brought the changes to the county board of equalization.

²¹ *Minn. Stat.* §383D.73.

²² Another 18 cities that said they did not have boards of review were in Ramsey and Dakota counties, which have other arrangements in lieu of local boards.

²³ See *Minn. Stat.* §274.01, subd. 2. This statute gives authority for appointing a special board of review to cities, but not to townships.

Special Appointed Boards of Review

Legislation passed in 1975 grants cities the option of appointing a special board and delegating all board of review powers and duties to it.²³ Cities determine how many members to appoint, whether to compensate appointees, and lengths of appointees' terms. The special appointed board must have at least one member who is an appraiser, real estate agent, or other person familiar with property valuation in the assessment district.

According to our survey:

- **In 1994, 12 percent of the cities in Minnesota with populations of 5,000 or more conducted their appeals processes with a special appointed board of review. (See Figure 1.6.)**

Some cities structured these appointed boards as advisory to the city council; others gave the appointed boards full authority to conduct board of review business. None of the smaller cities in our sample appointed a special board of review.

Figure 1.6: Cities With Appointed Boards of Review

Austin	Minneapolis
Blaine	Minnnetonka
Bloomington	Moorhead
Detroit Lakes	North Mankato
Duluth	Richfield
Eden Prairie	St. Cloud
Mankato	West St. Paul

Note: In some cases the appointed members serve together with city councilmembers. Some of the appointed boards are advisory to the city council.

Source: Office of the Legislative Auditor Surveys of Assessors and Boards of Review, 1995.

Special Appointed Boards of Equalization

Similar to cities, counties have the option to appoint members to a special county board of equalization.²⁴ The special appointed board must have at least one member who is an appraiser, real estate agent, or other person familiar with property valuation in the county. With the appointed boards, the county auditor is a non-voting member who serves as recorder. We found that:

- **In 1994, five counties in Minnesota conducted their appeals processes with a special appointed board of equalization.**

The five counties were: Anoka, Dakota, Hennepin, Ramsey, and Saint Louis. The majority of the members on these appointed boards were real estate agents, appraisers, or others familiar with property valuation.

Tax Court Petitions

Responding to tax court petitions is one of the many functions performed by assessors' offices. Although assessors spend time defending their assessments in court, they devote much of their resources to other activities related to the tax court process. The number of staff hours spent by an assessor's office on tax court appeals depends largely on the number of tax court petitions filed in that jurisdiction.

The number of tax court petitions varied significantly from one jurisdiction to the next in 1994. However, an unusually large share of this workload was concentrated in two metropolitan counties. We found that:

- **Among cases for taxes paid in 1994, Hennepin and Ramsey County — which have about one-quarter of all parcels in the state — accounted for 73 percent of all petitions filed with Minnesota Tax Court that year.**

Overall, metropolitan jurisdictions reported a higher number of tax court petitions and a greater number of staff hours spent on tax court appeals than other regions of the state. (See Table 1.1.)

Table 1.1: Workload on Tax Court Petitions by Region, 1994

	Non-Metropolitan		Metropolitan	
	County	City	County	City
Average Tax Court Petitions/10,000 Parcels	2	3	37	44
Average Staff Hours on Petitions/10,000 Parcels	47	25	346	459

Source: Legislative Auditor's Office Survey of Assessors, 1995.

Property Tax Abatements

We found that some counties' abatement policies were much more strict than others. Those with stricter policies typically limited the time, amount, and conditions under which abatements would be considered. According to our survey:

- **More than half of the counties with explicit abatement policies in 1994 limited consideration of abatement requests to the current year only and set minimum dollar thresholds for abatement requests.**²⁵

Another third of the counties required that specific conditions, such as the timely filing of a homestead application, be met before the county considered an abatement application.

²⁴ *Minn. Stat.* §274.13, subd. 2.

²⁵ In four of the 31 policies limiting abatement requests to the current year only, counties made provisions for certain rare exceptions.

SUMMARY

The structure of property assessment in Minnesota varies among counties, cities, and townships. In some counties, the county assessor's office assesses all properties. In others, the county assessor's office assesses some of the properties while local assessors are responsible for others. In still other counties, cities and townships employ local assessors to assess all properties. Some of these cities have their own assessors on staff, while other cities and townships use contract assessors.

The process for appealing valuations is one specific component of the property assessment system. The appeals process can include appearing before a board of review, appearing before a board of equalization, and filing a petition with tax court. Most county boards of equalization were comprised of county commissioners in 1994, but some had appointed members with particular experience in real estate issues. Similarly, while the majority of cities and townships had boards of review comprised of elected officials to hear residents' questions about valuations in 1994, a few cities appointed members specifically experienced in real estate. Tax abatements, a method property owners can use to reduce estimated market values when needed to correct errors, are considered and granted at counties' discretion.

Actions for Effectively Structured Assessment Systems

CHAPTER 2

This chapter describes goals for the structural arrangement of property assessment systems and some actions needed to reach those goals. The goals and actions provide a framework for identifying best practices in assessment systems; they offer a general guide to desirable assessment practices. We believe the goals and actions apply to assessment jurisdictions of all sizes and in all regions of the state.

We use the goals and actions to help define what is and is not a best practice. However, particular practices may be more appropriate in some jurisdictions than others. Not every practice will necessarily make sense for every assessment district. Nonetheless, we describe some of the effective practices that Minnesota local governments now use. Chapter 4 provides examples of select counties, cities, and townships where specific practices are in use and the circumstances under which they have been effective. In this chapter we ask:

- **What are the main goals for the structural arrangement of assessment systems?**
- **What actions need to be taken to reach those goals?**
- **What are some practices now in use that reflect these actions?**

When discussing the structure of Minnesota's assessment systems, we

Assessment systems should estimate property values cost effectively and uniformly at market value.

mean the degree of centralization within the systems. Counties where the county assessor's office assesses all or most of the parcels have centralized structures; counties where local assessors assess most of the parcels are decentralized.

We identified two fundamental goals for effectively structured assessment systems. We based the goals on state laws, information from our surveys and interviews, and assessment literature. The goals are simple yet fundamental to the structure of assessment systems. The two goals are:

- **The assessment system should estimate property values at market value in a cost-effective manner.**
- **The assessment system should estimate property values uniformly in a cost-effective manner.**

The first goal means that assessors' estimates should be as close as possible to market value, as measured by the selling prices of properties on the open market. The second goal means that assessors' individual estimates should be equitable. Both goals recognize the limitations of time, personnel, and financial resources. They reflect the need to achieve equitable assessments without undue expenditures.

We also identified two actions that help reach the goals. We predicated

the actions on survey research and on established standards in the assessment profession. Assessment systems that take these actions are more likely to meet the goals of providing cost effective and uniform estimates of market value. The two actions are:

1. **Maintain adequate personnel and equipment to produce assessments accurately and efficiently.**
2. **Communicate understandable assessment information to property owners and others interested in the assessment.**

These actions, and the practices related to them, are essential yet do not cover the full range of actions that mark effective structural arrangements. The limited scope of our review prevented us from looking at all actions that would contribute to reaching the two goals. We had to forego studying other actions, such as attaining the optimal degrees of detail in recording property characteristics or collecting and verifying sales data for valuation models, that would also help reach the goals.

Because we studied only some of the actions in an effective structural arrangement, when we compare the actions among the different ways assessment services are structured, we cannot conclude that a given structure is the single or even a primary cause of efficiency and effectiveness. We did not examine with enough detail the various techniques assessors use to estimate value, or whether these techniques vary by type of structure, to reach such a conclusion. Instead, we describe the two actions we studied and how well they characterize the different structural arrangements in Minnesota.

In this chapter, we look at how these actions — maintaining adequate personnel and equipment and communicating effectively — differ by type of assessment structure in Minnesota. We also list some of the practices now in use that are related to the actions. These practices help illustrate the meaning and value of the two actions. We then examine

how well the actions and related practices apply to each of the structural arrangements. By doing this, we determine whether any of the effective practices are more likely to be found in one structure over another.

In Chapter 4, we describe specific, concrete examples of local governments using the best practices. We begin with a description of current structural arrangements in Minnesota's assessment system and their overall cost effectiveness.

COST EFFECTIVENESS BY STRUCTURE OF ASSESSMENT SYSTEM

Throughout this chapter, we discuss three structures typical of assessment systems in different Minnesota counties:

- (1) **countywide assessment (23 counties),**
- (2) **systems that are largely county assessed, that is, where the county assessor's office assesses at least half of the parcels (26 counties), and**
- (3) **systems that are largely locally assessed, that is, where the county assessor assesses less than half of the parcels while local assessors assess the majority (37 counties).¹**

We first looked at cost effectiveness for each of the county structural types. Cost effectiveness describes costs of a service in light of its actual results. We can measure how well jurisdictions estimate properties at market value, and the uniformity of the assessment, with the assessment/sales ratio study. For example, 89 percent of all counties met the state's standard for the median sales ratio on residential property in 1994, indicating a good level of assessment. Counties from all three organizational structures were likely to produce acceptable assessments on residential property.

¹ One of the 87 counties did not report sufficient data to be included in the analysis. We did not analyze separately the group of counties in which all communities rely on local assessors because it seemed inappropriate to compare counties with no local assessors to counties with all local assessors, given the differences in the scope of their responsibilities.

Measuring the Level and Quality of the Assessment

The assessment/sales ratio study, a comparison of the estimated market values to the sales prices of a set of properties, offers a number of statistical tools to evaluate property assessments. The median sales ratio is one measure that shows the central tendency of the ratio, that is, how close assessment value is to the market value. Assessments should have median sales ratios between 90 and 110 percent, according to standards set by the International Association of Assessing Officers. In Minnesota, the Department of Revenue uses a range between 90 and 105 percent.

Other statistics measure the uniformity of the assessment. The coefficient of dispersion (average absolute deviation of the individual ratios from the median, divided by the median ratio and converted to a percentage) measures the tightness of the individual ratios around the median sales ratio. Low coefficients indicate acceptable uniformity among assessments; high coefficients indicate inconsistent assessments. For uniformity among single-family residential properties, a coefficient of 15 or less is considered acceptable; among income-producing properties, a coefficient of 20 or less is acceptable.

The price-related differential, sometimes called the index of regressivity, is the mean divided by the weighted mean. It measures whether assessments are regressive, that is, whether appraisals are higher on lower-valued homes than they are on homes of greater value. A price-related differential of 1 indicates no bias between lower- and higher-valued properties. Assessments with price-related differentials greater than one are considered regressive, while those less than one are considered progressive. The range of acceptable price-related differentials is between 98 and 103 percent.

Source: International Association of Assessing Officers, *Standard on Ratio Studies* (Chicago: IAAO, 1990), 23-25.

Because we were primarily interested in the goal of estimating property at market value, we defined as effective those jurisdictions with property assessments that met the standard for median sales ratios on residential, agricultural, commercial industrial, and seasonal-residential recreational properties.² When disaggregated by organizational structure, about 48 percent each of counties with countywide assessment and counties largely locally assessed, and about 27 percent of counties largely county assessed, had effective median sales ratios on these four property classes.

Then we looked at total assessment costs per parcel in counties that had effective sales ratios. We included in this total both the county's assessment costs and those of local assessors.³ The median to-

tal assessment cost among all counties was \$14 per parcel. As shown in Table 2.1, we found that:

- **Cost effectiveness did not vary significantly by structure of assessment system in 1994.**

This finding may seem surprising because contract assessors typically charge relatively low rates per parcel and communities do not directly pay the costs of the contractors' benefits or insurance.

However, it is likely that the fees paid to contract assessors do not represent the full cost of the assessment for those communities. A majority of the assessors in these smaller jurisdictions are Certified Minnesota Assessors, who are not trained to assess income-producing properties. Other assessors with

² When counties had fewer than six sales in a class of property, we assumed they had effective sales ratios because the statistical measures could not reliably confirm or deny effectiveness with that low number of property sales. We also looked at counties with coefficients of dispersion below 20 percent and price-related differentials between 98 and 103 percent for these 4 property classes, however, for this cost-effectiveness analysis we focused exclusively on median sales ratios.

³ We calculated total assessment cost for a county as the sum of (1) total expenditures by the county assessor's office, (2) total expenditures by cities with their own assessment staff, and (3) estimated expenditures for cities and townships that contracted with local assessors, based on our sample of contract assessors. To estimate local contract assessors' expenditures, we calculated ratios of costs to parcels for four regions of the state and multiplied the ratios by the number of parcels assessed by local contract assessors for counties in each region. Appendix K depicts the four regions. We did not include costs for assessors in the cities of Duluth, Minneapolis, and St. Cloud in their respective counties' total costs because these three offices have the powers and duties of a county assessor.

Table 2.1: Cost Effectiveness by Structural Type, 1994

	Median Cost Per Parcel		
	<u>Countywide</u>	<u>Largely County Assessed</u>	<u>Largely Locally Assessed</u>
Counties with median sales ratios between 90 and 105% ^a	\$14 n = 11	\$12 n = 7	\$14 n = 16
Counties without median sales ratios between 90 and 105% ^a	\$13 n = 11	\$15 n = 19	\$14 n = 18

Note: Costs are the sum of county assessors' office expenditures, city assessors' office expenditures, and an estimate of local expenditures for contract assessors. Costs exclude expenditures for Duluth, Minneapolis, and St. Cloud, where city assessors have the duties of a county assessor. This table excludes five counties that did not report cost data.

^aFor residential, agricultural, commercial-industrial, and seasonal-residential recreational property.

Source: Legislative Auditor's Office Survey of Assessors, 1995, and Minnesota Department of Revenue.

the appropriate skill level, usually from the county assessor's office, provide those assessments. Other aspects of the assessment, such as mailing the valuation notice and the county assessor review of local assessments, are typically not included in the contractors' fees. However, taxpayers pay for these services in another way — as part of the county property tax levy for the county assessor's office. In addition, it is possible that counties in county-wide systems and those largely county assessed gain efficiencies with computerized assessment and fewer total staff, characteristics we explore later in this chapter.

Counties that were effective by our definition had similar expenditures per parcel in 1994 to counties where sales ratios did not meet the 90 to 105 percent criterion. The median costs per parcel for counties with effective sales ratios for residential, agricultural, commercial-industrial, and seasonal-recreational property were approximately the same as costs for counties without effective median sales ratios on these four property classes, as Table 2.1 illustrates.

Because cost effectiveness per parcel did not vary much by type of assessment structure, we look at

other indicators of effectiveness and efficiency in the remainder of this chapter. For each of the two main actions — maintaining adequate personnel and equipment and communicating information clearly — we list related practices that assessment offices use and illustrate how these practices differ by type of assessment structure.

MAINTAIN ADEQUATE PERSONNEL AND EQUIPMENT

The first action is maintaining adequate personnel and equipment to produce cost-effective assessments. Assessors need sufficient levels of personnel to estimate market values accurately and efficiently. To perform successfully, assessors also need basic equipment, such as maps and computers, and access to ongoing training. Without these necessities, assessors' offices cannot expect to produce high quality property valuations at low cost.⁴

In addition, to be effective, these resources have to be well managed, something we did not measure in this review.

⁴ International Association of Assessing Officers, *Standard on Mass Appraisal of Real Property* (Chicago: IAAO, 1984), 5-12. The IAAO is a non-profit educational association that offers courses and seminars, and conducts research, in the field of property assessment.

Best Practices Related to Adequate Personnel and Equipment

Some of the best practices related to this action are: managing effective staff-to-parcel ratios, annually adjusting all parcels' value, conducting a high percentage of interior inspections, having a complete set of maps, using computers fully, and providing adequate staff training and office equipment. Chapter 4 presents specific, detailed examples of local governments where assessors use these practices.

Manage Effective Staff-to-Parcel Ratios

One standard for staff ratios developed by the International Association of Assessing Officers (IAAO) suggests that a successful mass appraisal program would have a ratio no greater than 5,000 parcels per appraiser.⁵ This is equivalent to 2 appraisers per 10,000 parcels, the unit of measure we used in our analysis. Jurisdictions with more parcels per appraiser could be cause for concern, according to the IAAO standard.⁶

In Minnesota counties, the median ratio of county assessors and their assessment staff was 3.6 per 10,000 parcels in 1994, which is within the standard set by the IAAO.⁷ However, to better compare personnel efficiencies by county assessment structure, we looked at the total number of assessors in each county, including both county assessment staff and local assessors.⁸ As shown in Table 2.2:

- The ratio of total assessors to parcels in 1994 indicated that the median number of assessors in counties with countywide assessment was slightly more efficient than that in counties that are largely county assessed.

However, counties that were largely locally assessed had less efficient ratios of assessors to parcels than the other two structural types. Counties that are entirely or largely county assessed seem to benefit from the economies of scale inherent with a

Table 2.2: Personnel Ratios by Structural Type, 1994

	Median Assessors/ 10,000 Parcels	Median Assessors Plus Other FTE Staff/ 10,000 Parcels
Countywide	2.5	3.8
Largely County Assessed	3.8	5.0
Largely Assessed by Local Assessors	8.4	9.9

Notes: Number of personnel includes those in county assessors' offices, those in city assessors' offices with their own staff, and an estimate of local contract assessors. "Other FTE Staff" means administrative, data processing, mapping, clerical, and other support-services staff.

Source: Legislative Auditor's Office Survey of Assessors, 1995.

5 *Ibid.*, 10. This ratio is a benchmark. Assessors' offices may still produce effective assessments with a smaller ratio if they have sufficient computer capabilities, support staff, and other necessary equipment.

6 Regarding total employees, that is, appraisers plus other staff, the IAAO standard ranges from one employee for 1,500 parcels in small assessment districts to one employee per 3,500 parcels in very large districts. The equivalent ratios based on the units of measure we used are 6.7 employees per 10,000 parcels in small districts and 2.9 employees per 10,000 parcels in very large districts.

7 Assessors' offices in seven counties did not meet the equivalent IAAO standard because they had too few assessors for the existing number of parcels.

8 To calculate total assessors by county, we added the number of assessors from the county assessor's office to the number of assessors from local assessors' offices with their own staff (excluding the cities of Duluth, Minneapolis, and St. Cloud). To that sum we added an estimate of the number of local contract assessors based on those we surveyed. We calculated a ratio of contract assessors to parcels for each of four regions in the state and applied that ratio to the parcels in each county estimated to be assessed by contract assessors.

centralized county function.⁹ We saw similar results when looking at total full-time equivalent staff, which included data processing, mapping, clerical, and other support-services staff.

We also looked specifically at city and township assessment systems. We divided cities and townships with local assessors between (1) those with their own assessors on staff and (2) those that contract with a local assessor to see any potential differences in the two arrangements. We found variation in staffing ratios of local assessors' offices. In cities and townships combined, the median ratio was 3.3 assessors per 10,000 parcels.¹⁰ However, in cities with their own assessment staff, the median ratio was relatively low at 3.1 assessors per 10,000 parcels, while the median for cities and townships with contract assessors was higher at 5.3 assessors per 10,000 parcels. Cities with their own staff tended to be the larger cities and their size likely provided economies of scale that helped make them more efficient.¹¹

Adjust All Parcels' Values Annually

Ideally, assessors should update the values of parcels in their jurisdiction each year to capture annual changes in the market.¹² Although statutes require assessors to determine the market value of parcels at least once each four years, in most Minnesota counties and cities the assessors adjust the value of all parcels annually.¹³ We found that:

- **Assessors in 80 of the 87 counties adjusted all parcels' values each year. Among assessors for cities and townships,**

92 percent reported adjusting all parcels' values annually.

We noted no significant differences in the frequency of adjusting values among the different structural types. Very high percentages of assessors' offices from all types of assessment systems reported annual valuation adjustments.

Conduct a High Percentage of Interior Inspections

In many jurisdictions, assessors visit about one-quarter of the developed properties each year, enabling them to view all parcels over a four-year time span. Inspecting the inside of developed properties provides assessors with more information to estimate values. Interior inspections allow assessors to verify or update existing data related to the condition, amenities, and other structural features not apparent from the outside of the properties. Some of the items obtained from an interior inspection include: type of heating/cooling systems, remodeling, number of rooms and bedrooms, degree of basement and attic finish, condition of living space, fireplace, and other features. Consequently, the details provided from interior inspections permit more precise analyses for estimating values and matching comparable properties.

We do not suggest that it is realistic or necessary for assessors to inspect the interior of every property they visit. In some cases, assessors may find it virtually impossible to do so. For instance, in areas with high concentrations of cabin property, assessors may find it difficult to inspect the interiors of properties that are occupied primarily on weekends

⁹ Many assessors who contract with local jurisdictions work on a part-time basis. To distinguish between full- and part-time assessors, we asked assessors in our sample to report how many full-time equivalent (FTE) assessors worked in the jurisdiction. Although some local contract assessors reported themselves as less than full time, others reported themselves as one FTE assessor. If some in this latter group were in fact part-time assessors, the range in assessors per parcel would be smaller than what our data indicate. However, even if all the local contract assessors worked on a half-time basis, the median number of assessors per 10,000 parcels in counties that are largely locally assessed would still be more than twice the median number in counties with countywide assessment.

¹⁰ Four cities have fewer assessors per 10,000 parcels than needed to meet the IAAO standard; all four were larger cities (with populations above 5,000) and had their own assessment staff.

¹¹ All but two of the cities with their own assessment staff had populations above 5,000. No townships had their own assessment staff.

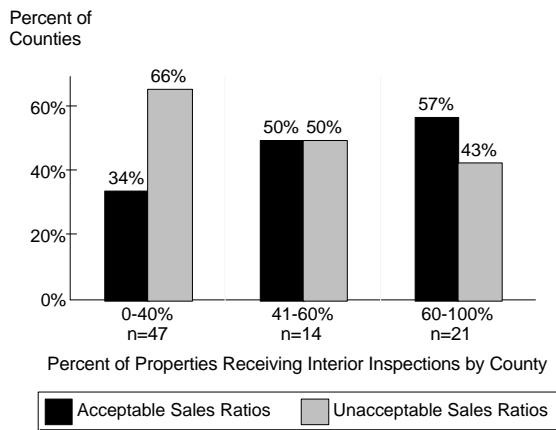
¹² Joseph K. Eckert, editor, *Property Appraisal and Assessment Administration* (Chicago: IAAO, 1990), 9-10.

¹³ This does not mean that assessors visit each parcel every year; rather, they adjust the value of these parcels based on property sales, costs, and other market conditions.

during limited months of the year. In addition, some homeowners resist having the assessor inside their home. Nonetheless, we found that more assessors who conducted high percentages of interior inspections tended to be in counties with acceptable sales ratios in 1994 than assessors who conducted fewer interior inspections.¹⁴ As Figure 2.1 shows,

- **About 57 percent of county assessors who inspected the interiors of a high percentage (at least 60 percent) of the properties they viewed in 1994 were in counties with satisfactory sales ratios, while only 34 percent of assessors inspecting a low percentage (below 40 percent) of properties' interiors were in counties with acceptable sales ratios.**

Figure 2.1: Effectiveness of Interior Inspections



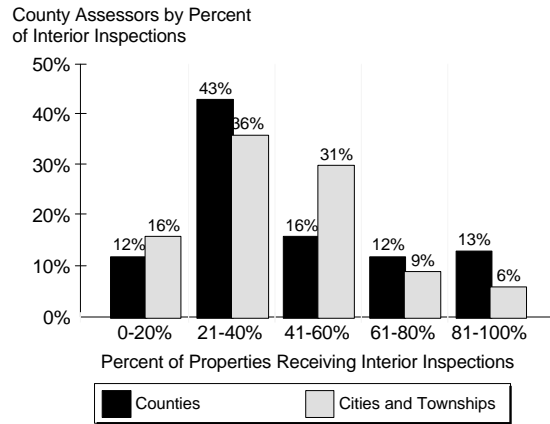
Note: Acceptable assessment/sales ratios were those with medians between 90 and 105 percent on residential, agricultural, commercial-industrial, and seasonal-recreational residential property. Five counties did not respond to this question.

Source: Legislative Auditor's Office Survey of Assessors, 1995.

We also looked at the percentage of properties that received interior inspections from among the improved land and buildings viewed by assessors' offices in 1994. As illustrated in Figure 2.2,

- **Assessors in 24 percent of the counties and 15 percent of cities and townships**

Figure 2.2: Percent of Improved Properties Viewed that Received Interior Inspections, 1994



Note: Percentages do not add to 100 because some jurisdictions did not respond to this survey question.

Source: Legislative Auditor's Office Survey of Assessors, 1995.

reported that they inspected the interiors of at least 60 percent of the properties they visited in 1994.

We noted no significant differences in the percent of interior inspections by type of assessment structure among counties. Approximately equal percentages of counties in each of the three structural types conducted interior inspections in at least 60 percent of the properties they viewed. Among local assessors, however, assessors in cities with their own assessment staff were more likely to conduct high percentages of interior inspections than assessors on contract. According to our survey:

- **Assessors in about 27 percent of the cities with their own assessment staff conducted interior inspections in at least 60 percent of the parcels assessors visited in 1994, compared to 8 percent of contract assessors.**

¹⁴ We included sales ratios for residential, agricultural, commercial-industrial, and seasonal-recreational properties when looking at acceptable sales ratios.

Have a Complete Set of Maps

Because assessors have to locate and inventory all property in their jurisdiction, a complete set of maps is essential to performing their job well. Maps are necessary for locating the properties and determining the size and shape of the parcels. Maps also allow assessors to analyze property values in the context of the geographic features that can affect value.

Assessors generally need several different types of maps and map overlays to make optimal use of their parcel information.¹⁵ Different types of maps serve different purposes for the assessor. For instance, "cadastral maps" show subdivision boundaries, dimensions of individual tracts, parcel numbers, and surrounding land uses. As shown in Table 2.3, according to our survey:

- **About 38 percent of county assessors and 64 percent of local assessors said they had a complete set of maps showing the size, shape, and location of parcels in 1994.**

Assessors in counties with a countywide assessment system were more likely to have a complete set of maps than those in counties largely assessed by either the county or local assessors. We found that:

- **Assessors in about 48 percent of the counties with countywide systems had complete sets of maps, compared to 31 percent of assessors in counties largely county assessed and 38 percent of assessors in counties largely assessed by local assessors.**

Among local assessors in cities and townships, more of the cities with their own assessment staff had complete sets of maps compared to communities with contract assessors. According to our survey:

- **About 80 percent of the city assessors with their own staff had complete sets of maps, but only 54 percent of contract assessors had complete maps.**

Use Computers Fully

Computers can dramatically improve the efficiency and accuracy of work required in assessing property values.¹⁶ At a minimum, computers can greatly increase the efficiency of routine tasks, such as producing the assessment roll. Particularly where assessors are valuing numerous parcels at a time (mass appraisals), computers allow assessors to readily and quickly adjust the estimated values of property based on recent data regarding building

Table 2.3: Assessment Jurisdictions with Maps, 1994

	No Set		Incomplete Set		Nearly Complete Set		Complete Set	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Counties (n = 87)	10	12%	25	29%	19	22%	33	38%
Cities and Townships (n = 80)	16	20	4	5	9	11	51	64

Source: Legislative Auditor's Office Survey of Assessors, 1995.

¹⁵ International Association of Assessing Officers, *Standard on Cadastral Maps and Parcel Identifiers* (Chicago: IAAO, 1988), 5.

¹⁶ International Association of Assessing Officers, *Standard on Facilities, Computers, Equipment, and Supplies* (Chicago: IAAO, 1989), 6.

characteristics and market conditions. Accurate, current data are essential to the uniform valuation of property, and computers expand the range of analyses assessors can readily perform to improve the uniformity of their assessments. Computers can also reduce the time needed to perform such analyses. According to our survey:

- **All Minnesota county assessors' offices used computers for at least some of their work in 1994.**

Most counties belonged to one of three computer consortiums in the state, which provide access to data processing, software, and support services on a cooperative basis, thus spreading out the costs. The computer consortiums offer counties programming and software packages that some might not otherwise be able to afford on their own.

However, not all county assessors' offices were at the same level of sophistication in their use of computers. Less than half used computer-assisted mass appraisal (CAMA), for instance. CAMA systems allow assessors to readily enter and update inventory data collected about the properties, maintain data on property sales and perform analyses based on those sales, and automate methods for calculating the cost, sales, and income approaches to estimating property values. CAMA systems have varying degrees of sophistication to accommodate jurisdictions with different levels of commercial property and market activity. Table 2.4 shows that:

- **Assessors in 44 percent of the counties, and in 48 percent of cities and townships, reported using some form of CAMA in 1994.**

Another level of computerization is geographic information systems (GIS). GIS is a tool that blends computerized mapping with various pieces of land-based information gathered from numerous sources. The use of electronic base maps and map overlays allows assessors to continuously incorporate changes into the system, thereby keeping the maps as current as possible. Typically, points on the map are precisely defined using latitudinal and longitudinal coordinates. GIS enables assessors to immediately highlight properties with inequitable assessments that require adjustments.

Because of the cost, coordination, time, and technological skills required for successful GIS, relatively few jurisdictions were using it in 1994. According to our survey:

- **Assessors in 12 counties said they used GIS in 1994, with another 20 county assessors in some stage of GIS development. Local assessors in 16 communities said they used GIS, with another 16 local assessors in the process of developing it.**

However, those using GIS were far more likely to have a quality level and uniformity of assessment for residential property. According to our survey,

Table 2.4: Jurisdictions Using Computer-Assisted Mass Appraisal (CAMA), 1994

	Use CAMA		CAMA Under Development		Do Not Use CAMA	
	Number	Percent	Number	Percent	Number	Percent
Counties (n = 87)	38	44%	28	32%	21	24%
Cities and Townships (n = 79)	38	48	10	13	31	39

Source: Legislative Auditor's Office Survey of Assessors, 1995.

two-thirds of assessors in counties using GIS had acceptable assessment/sales ratios, coefficients of dispersion, and price-related differentials for their residential property in 1994, compared to 22 percent of those without GIS.

Assessors in counties with countywide assessment were more likely to use CAMA and GIS computer applications in 1994 than in other counties. This was also true for local assessors in cities with their own assessment staff when compared to communities with contract assessors. We found that:

- **About 61 percent of assessors with countywide assessment systems used CAMA in 1994, compared to about 38 percent of assessors in all other counties. About 66 percent of assessors in cities with their own staff, compared to 38 percent of contract assessors, used CAMA.**

About 22 percent of assessors with countywide assessment systems used GIS in 1994, while only 15 percent of assessors in counties largely county assessed and 8 percent of those in counties largely locally assessed did. Among local assessors, 27 percent of staff assessors and 17 percent of contract assessors reported using GIS.

Provide Adequate Staff Training and Office Equipment

Ongoing assessor training is considered essential for effective assessments, given the complexity of the job and its changing nature.¹⁷ In Minnesota, the State Board of Assessors requires assessors at each of four levels of licensure to attain continuing education credits over each four-year period. Because assessors have to be well versed in land economics, appraisal techniques, market analysis, construction materials and types, and income and expense analysis, they need ongoing education. Training adds to the professionalism of assessors and helps ensure that assessors are qualified to perform the tasks at hand. Many, but not all, county and local assessors reported that they received adequate training. (See Table 2.5.)

Certain equipment is also essential to the assessor's job. Besides mapping and computer equipment, assessors' offices need field appraisal equipment, such as measuring instruments and motor vehicles, as well as standard office equipment.¹⁸ Nearly equal shares of assessors from counties in the three structural arrangements reported having adequate training and adequate equipment. Among local assessors, high percentages of both staff assessors and contract assessors reported adequate staff training

Table 2.5: Adequacy of Training and Equipment, 1994

	Adequate Equipment and Training		Adequate Equipment But Inadequate Training		Inadequate Equipment But Adequate Training		Inadequate Equipment and Training	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Counties (n = 86)	63	73%	1	1%	18	21%	4	5%
Cities and Townships (n = 81)	74	91	1	1	5	6	1	1

Source: Legislative Auditor's Office Survey of Assessors, 1995.

¹⁷ International Association of Assessing Officers, *Standard on Education and Training for Assessing Officers* (Chicago: IAAO, 1989), 5.

¹⁸ International Association of Assessing Officers, *Standard on Facilities, Computers, Equipment, and Supplies* (Chicago: IAAO, 1989), 5-6.

and equipment in 1994; however, the share of contract assessors was larger than staff assessors.

COMMUNICATE UNDERSTANDABLE ASSESSMENT INFORMATION

The second action needed to reach the goals of cost effectively estimating property uniformly and at market value is effective communication. Promoting public understanding of assessors' work and how and why they conduct their assessments is an important task for assessors' offices.¹⁹ This is especially true because many assessors come into direct contact with a broad cross section of the public and their work affects an evocative topic — what property taxes people will pay. Generating a cooperative, helpful atmosphere for taxpayers and enhancing taxpayers' awareness of assessing helps develop a positive image of the assessment office and in turn assists assessors do their job. Here we focus on communications with property owners at the times assessors (1) notify property owners of estimated market values and (2) conduct their field work.

Best Practices Related to Effective Communication

Among practices used by assessors to communicate effectively are: providing complete and clear property valuation notices and other information, notifying property owners in advance of visiting properties to prepare homeowners for upcoming visits, and preparing for conducting field visits. Chapter 4 describes examples of specific counties and cities where assessors use these best practices.

Provide Complete and Understandable Property Valuation Notices and Other Information

The notice of property value is typically the first, and sometimes the only, communication that prop-

erty owners receive from assessors each year. Consequently, it is important that the information on the notice is complete and stated clearly. Well written value notices can also help the assessor by allowing property owners to spot and report inventory or valuation errors. Some assessors' offices supplement the valuation notice with brochures or leaflets to help explain the complexities and processes involved with property assessment. Because many property owners are generally not familiar with assessment work, and may not understand the terminology that assessors use daily, assessors have to take care to use language that is not so technical as to be misunderstood.

Although statutes require valuation notices to contain certain information, many assessors' offices provided additional types of information in 1994 to help property owners understand their assessment. (See Figure 2.3.) Besides providing information on procedures for appealing estimated market values, some county assessors' offices summarized assessment methods, defined uncommon terms, and explained how the notice differs from and relates to the tax bill.

However, we noted no pattern in the kind of information provided by type of assessment structure. Assessors from counties with countywide systems tended to include some types of information, such as distinguishing the valuation notice from the tax statement, while assessors from counties with other structural types tended to provide other kinds of information, such as contact phone numbers.

Notify Property Owners Before Visiting

Advance notification before inspecting properties contributes to good public relations.²⁰ The notification can explain the purpose of the appraisals and the importance of current, accurate data collection. Because the notices alert property owners to expect the assessors' visit, they may help assuage some of the security or other concerns that some property owners have about interior inspections. Although our data did not allow us to measure the cost effec-

¹⁹ International Association of Assessing Officers, *Standard on Public Relations* (Chicago: IAAO, 1988), 5-8.

²⁰ Joseph J. Eckert, editor, *Property Appraisal and Assessment Administration* (Chicago: IAAO, 1990), 121-122.

Figure 2.3: Additional Information Counties Provided on Valuation Notices, 1994

	<u>Number</u>	<u>Percent</u>
Procedures for appealing assessment with boards of equalization	83	95%
Procedures for appealing to local boards	82	94
Procedures for appealing to tax court	81	93
Procedures for appealing assessment with the assessor	72	83
Contact phone numbers	67	77
Non-technical summary of assessment methods	23	26
Definitions of uncommon terms	20	23
Distinction between tax statement and value notice	15	17
Explanation of how value is related to tax bill	14	16
Description of how tax bills are calculated	3	3
Miscellaneous (Amounts of new construction value, "Green Acres" deferments, etc.)	4	5

Note: Percentages do not total 100 because survey respondents could select more than one option.

Source: Legislative Auditor's Office Survey of Assessors, 1995.

tiveness of advance notices on a statewide basis, Chapter 4 describes several assessors' offices that have found the advantages of advance notices to outweigh their costs. We found that:

- **About 27 percent of county assessors, and 35 percent of local assessors, notified property owners in advance of assessors' visits either by mail, phone, or other means in 1994.**

Assessors from countywide assessment systems were more likely than assessors from other counties to notify property owners prior to their visits. Simi -

larly, assessors from cities with their own staff assessors were more likely than contract assessors to provide advance notification. According to our survey:

- **About 39 percent of assessors from countywide assessment systems notified property owners in advance of the assessors' visits, compared to 31 percent from counties largely county assessed and 17 percent from counties largely locally assessed.**

Among local assessors, half of staff assessors and 26 percent of contract assessors provided advance notification.

Prepare to Conduct Field Visits

Usually each assessor's office has its own guidelines for how assessors are to conduct property visits in the field. Here we discuss some of the more common practices. Assessors have found that presenting proper visible identification, such as a picture identification badge and identifying insignia on automobiles, helps the property owner confirm that the assessors are indeed from the assessor's office and are visiting for legitimate business purposes. Once at a property, assessors who identify themselves immediately and state the purpose of the visit present a professional image and get started on the right foot. If the property owner is not home, assessors have found it useful to use eye-catching, pre-printed door hangers. The door hangers provide information and a telephone number to increase the likelihood that the owner will call for an appointment. Assessors who are refused entry have sometimes found that leaving written material describing the need for an interior inspection and providing an opportunity for the owner to make an appointment improves receptivity.

SUMMARY

Two goals fundamental to guiding the structural arrangements of assessment systems are estimating property values at market value in a cost effective manner and estimating property values uniformly in a cost effective manner. Many actions can help jurisdictions reach these goals, not all of which are covered in this review. Two of the important actions, however, are (1) maintaining adequate personnel and equipment to produce assessments accurately and efficiently and (2) communicating understandable assessment information.

We used these goals and actions to help identify some best practices. Assessors' offices around the state use some of these practices, but to varying degrees. When we looked at how well the actions and practices characterized the three structures, we noted some differences. For some practices, we saw no differences among counties that have countywide assessment, counties that are largely county assessed, and counties that are largely assessed by local assessors. These were typically the more common and widely used practices, such as adjusting parcels' value annually. For other practices, however, counties that had all or high percentages of parcels county assessed tended to dominate; typically these were the less widely used practices, such as use of computer-assisted mass appraisal.

A similar pattern was apparent among local assessors' offices. The practices that were effective but less widely used tended to characterize larger shares of assessors from cities with their own assessment staff than contract assessors.

Actions for Effective Appeals Processes

CHAPTER 3

This chapter describes goals and actions for effective property assessment appeals processes. The goals and actions provide a framework for identifying best practices — those practices that could save resources or improve effectiveness. We believe the goals and actions apply to effective appeals processes in all assessment jurisdictions, regardless of their size or location in the state.

We use the goals and actions to help define what qualifies as a best practice. However, an individual practice may not be appropriate in every jurisdiction around the state. We recognize that a community's unique circumstances may prevent it from adopting a particular practice that worked well elsewhere. Notwithstanding this, we describe some of the effective practices used by Minnesota assessment jurisdictions. Chapter 4 details examples of select counties, cities, and townships where some of these specific practices are in use. In this chapter we ask:

- **What are the goals of an effective appeals process?**
- **What actions need to be taken to reach those goals?**
- **What are some practices that reflect these actions?**

We identified two goals important to achieving a successful appeals process. The first goal is:

Appeals processes should provide objective forums for questioning assessments and be understandable and effective for all participants.

- **The process should offer a fair and objective forum to appeal property assessments.**

This means that any property owner with an assessment dispute should have an opportunity to be heard and that all those with similar situations should receive equitable treatment without caprice. The second goal is:

- **The process should be understandable, easy to use, and effective for all participants.**

This second goal underlines the importance of an appeals process that meets the conflicting needs of three parties: property owners who may not be familiar with property assessment and appeals, assessors whose job it is to complete property value estimates, and board members who sit in judgment of assessors' estimates of value.

We identified five actions that we believe will help assessment offices reach these goals. We derived these actions from surveys of assessors, boards of review and equalization, and appellants; field observations of boards as they met; and literature published about appealing assessments. By taking these actions, assessment jurisdictions are more likely to achieve fair and objective appeals processes that are easily understood and effective for all participants. The five actions are:

1. **Foster knowledge about property values and assessment among members of boards of review and equalization.**
2. **Resolve property owners' questions objectively, fairly, and efficiently.**
3. **Communicate understandable appeals information to property owners.**
4. **Provide flexibility in the appeals process to accommodate varying schedules.**
5. **Adopt clear tax abatement policies.**

We included tax abatements even though they are not part of the formal appeals process because they allow taxpayers to receive assessment reductions and tax refunds for taxes paid erroneously in the past.

Although we believe these five actions are instrumental to effective appeals processes, they are not necessarily all inclusive. Additional actions may also help satisfy the goals of fair and objective appeals processes that are understandable and effective for all participants.

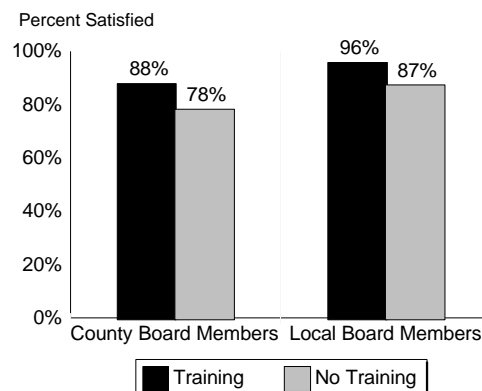
Assessment jurisdictions can implement these five actions in a variety of ways. In the next section we describe each action and list some practices, used by Minnesota local governments in 1994, that illustrate the value of these actions. Chapter 4 describes how specific local governments use these best practices.

FOSTER KNOWLEDGE ABOUT PROPERTY ASSESSMENT AMONG BOARDS OF REVIEW AND EQUALIZATION

The first action needed for an effective appeals process is helping board of review and equalization members to be knowledgeable about valuation and appraisal. Board members with this knowledge will not only be better qualified to confer with appellants, but will also be better equipped to make well-informed appeals decisions.¹ We found higher levels of satisfaction among board members who had prepared in advance of the meeting or had received training.² As illustrated in Figure 3.1, according to our board surveys:

- **A somewhat larger percentage of board members with training than those without training said that they were very satisfied with the overall fairness and ease of the process for board members.**

Figure 3.1: Board Member Satisfaction with Overall Fairness and Ease of Appeals Process, By Training, 1994



Source: Legislative Auditor's Office Survey of Boards of Review and Equalization, 1995.

¹ International Association of Assessing Officers, *Standard on Assessment Appeal* (Chicago: IAAO, 1982), 6.

² Of the 87 members of county boards of equalization we surveyed, 84 percent responded. Of the 318 members of local boards of review we surveyed, 80 percent responded. Results are subject to a sampling error of plus or minus 7 percentage points on the county equalization board survey and plus or minus 5 percentage points on the local board survey.

Similarly, board members who spent time preparing were somewhat more likely to be very satisfied with the appeals process than those who had not prepared. We found that:

- **About 57 percent of board members who prepared before the meeting were very satisfied with the board’s overall understanding of the issues in the appeals process, compared to 48 percent who did not prepare.**

Members of some local boards of review and county boards of equalization have served in their elected capacities for years and are well acquainted with the board’s purpose and procedures. Other members are less familiar. For the 1994 assessment year, few had professional experience in real estate or appraisal, yet they were expected as board members to make judgments on the assessors’ assessments and classifications. (See Table 3.1.)

Table 3.1: Professional Background of Board Members

	County Boards of Equalization (n = 73)	Local Boards of Review (n = 210)
Real estate agent	7%	6%
Appraiser	6	2
Other	88	92

Note: May not sum to 100 percent due to rounding error.

Source: Legislative Auditor’s Office Survey of Boards of Review and Equalization, 1995.

Appellants in 1994 were mixed in their opinion of boards’ preparation and experience. We found that:

- **About half of the people who appealed their estimated values in 1994 felt the board was well prepared and experienced to make a decision on their particular appeal.**

From among persons we interviewed who had filed petitions in tax court, we noted dissatisfaction with the local boards’ level of knowledge and interest in their appeal.

Best Practices Related to Fostering Knowledge Among Boards of Review and Equalization

Since most individuals serving on boards of review and equalization are not necessarily trained in the field of appraisal, advance preparation helps. Some of the practices jurisdictions follow to foster knowledgeable boards involve: assessors providing relevant assessment and sales information to the board, board members preparing themselves for the meeting, and local governments appointing members with real estate backgrounds and experience to boards of review and equalization. In Chapter 4, we describe specific examples of how local governments use these practices.

Provide Relevant Information to Boards

We observed that many assessors’ offices provided information to prepare board members for their meeting. This helped board members review the nature and scope of their duties as well as that of the whole appeals process. Pertinent information included a review of the board’s roles and responsibilities, a discussion of the assessment and valuation process, a description of value changes and market trends by property type over the past year, recent changes in assessment statutes, and typical questions to expect from taxpayers. When possible, some assessors’ offices also provided information specific to the parcels in question. As Table 3.2 shows, according to our board survey:

- **More than two-thirds of county boards of equalization received some training or orientation prior to the 1994 board meeting. About one-third of the local boards of review received training.**

The completeness of the training or orientation materials provided by assessors varied among jurisdictions. As Table 3.3 shows, we found that:

Table 3.2: Training Received by Boards of Review and Equalization, 1994

	Counties (n=73)	Cities (n=137)	Townships (n=70)
Received Training	68%	40%	23%
Received No Training	32	60	77

Source: Legislative Auditor's Office Survey of Boards of Review and Equalization, 1995.

- **Most board members' training consisted of a review of the board's responsibilities, and many included a discussion of the assessment, appraisal, and valuation process.**

As Board Members, Prepare for Meetings

Board members have an opportunity to take advantage of training offered specifically to acquaint elected officials with the assessment process and duties of the boards.³ They also can prepare in advance of the meeting by familiarizing themselves with the board's process, consulting with the assessor, and reviewing information about market trends or specific parcels. We found that:

- **Members of about 59 percent of the county boards of equalization, and about 45 percent of the local boards of review, spent time preparing prior to the 1994 meeting.**

Appoint Board Members with Real Estate or Appraisal Experience

The composition of some boards includes members with real estate or appraisal experience. This type of experience helps board members make informed decisions and increases their comfort level with the appeals process. According to our survey, a few cities and counties gained property-related expertise by appointing members with assessment or appraisal backgrounds to a special board of review or equalization. Most of the board appointees in 1994 were real estate agents, appraisers, or were otherwise familiar with property valuations. Appointed board members tended to be more satisfied with the appeals process and how it worked than other members who were elected officials. We found that:

- **About 63 percent of board members serving on appointed boards were very satisfied with how user friendly the appeals process was for them, compared to 45 percent of members serving on regular boards comprised of elected officials.**

Table 3.3: Types of Training and Orientation Received by Boards, 1994

	Counties (n=50)	Cities (n=55)	Townships (n=17)
Discussion of the Responsibilities of the Board	78%	80%	59%
Discussion of the Assessment, Appraisal, and Valuation Process	52	49	47
Discussion of Possible Responses to Typical Taxpayer Questions	46	27	29

Note: Percentages do not total 100 because survey respondents could select more than one option.

Source: Legislative Auditor's Office Survey of Boards of Review and Equalization, 1995.

³ The University of Minnesota's Extension Service, for example, makes board member training available in different locations around the state each year.

Similarly, about 69 percent of members on appointed boards were very satisfied with the overall fairness of the appeals process, compared to 50 percent of regular board members.

We also learned about certain Dakota County communities that had delegated their authority as boards of review to the county's special appointed board of equalization under provisions of special legislation. In these cases, cities and townships transferred their board of review responsibilities to the members of the county's appointed board, all of whom have appraisal, realty, or other property-related backgrounds.

Despite the fact that relatively few jurisdictions have taken advantage of Minnesota's law allowing city councils and county boards to delegate their board of review or equalization authority to a special appointed board, those with appointed boards have generally met with success. Communities that attempted to gauge citizens' reactions to their appointed boards discovered support for such boards largely because of the expertise that appointed board members typically have exhibited. In some communities, the appointed boards replaced what had been a somewhat political process of granting valuation reductions in an arbitrary or subjective way. We heard about elected officials who appreciated avoiding a confrontational process in which they had to frequently deny their constituents' requests.

On the other hand, some city council members had doubts about appointed boards in their cities. They believed that the board of review's duties are part of the job to which they were elected and feel a responsibility to their constituents to perform this duty. Council members who remained guarded about the appointed boards believed that the boards have to prove themselves over a longer period of time, and under various market conditions. Yet even among the skeptics we found agreement that the appointed boards have worked well in practice.

Assessors have been pleased to work with appointed board members experienced in property assessment issues and the real estate market. More often than not, assessors who worked with ap-

pointed boards had as much or more work to do in appointing and preparing the appointed boards than they did when their local elected officials sat on the board. For instance, the appointed boards may have required extra meetings for the staff, who had to familiarize appointees with their tasks, or for elected officials, who may have reviewed the appointed boards' work. However, assessors considered the extra efforts worthwhile given the overall benefits of the appointed board.

RESOLVE PROPERTY OWNERS' QUESTIONS EFFICIENTLY AND OBJECTIVELY

The second major action needed to reach the overall goal of effectiveness in the appeals process is to resolve property owners' questions efficiently and objectively. Assessors receive inquiries from property owners throughout the year, but particularly in the spring following the mailing of valuation notices. Although assessment offices receive tens of thousands of these calls across the state, assessors answer many of the inquiries informally, before the boards of review meet.

To the extent that assessors' offices handle requests before the board meeting, all parties involved benefit. Property owners are better served because they receive immediate answers to their questions. They are spared from attending an extra meeting, and spend less time and expense than if they had to take off hours from work or away from other obligations. Board members are in a better position as well. They do not have to deal with property owner questions that could have been easily answered with a check of the assessors' files; board member time is reserved for genuine differences in agreement between property owners and the assessor's office. Assessors also benefit. By resolving issues as early as possible, assessors minimize the time they need to spend reviewing property and defending assessments during the local board of review process.

In 1994, many assessors' offices resolved a large portion of property owners' inquiries before the board of review met. According to our survey:

- **About half of the local and county assessors reported that they resolved at least 75 percent of assessment inquiries they received prior to board of review meetings in 1994.**

Because preparing for a board of review meeting is typically more complex and time consuming than the informal review process, encouraging taxpayers to discuss their questions with assessment staff before making a formal appeal can save time and money.⁴ We found:

- **County assessors' offices that resolved a high percentage of property owners' inquiries prior to local board of review meetings typically had fewer appeals per parcel at their local board of review meetings than other counties. They also tended to be slightly more efficient than others.**

County assessor offices that resolved at least 75 percent of the inquiries they received prior to the board of review reported having a median 51 appeals per 10,000 parcels at their board of review meetings and a median \$19 per parcel county assessment cost.⁵ This compared to a median 108 appeals per 10,000 parcels and a median \$23 county cost per parcel for those resolving fewer inquiries. Around the state, the median number of appeals at boards of review was 64 appeals per 10,000 parcels; the median total county assessment costs were \$19 per parcel for which the county was responsible in 1994. Because the difference in median costs per parcel was slight, we do not want to overstate its importance, especially in light of the many factors that go into determining an assessment office's total expenditures for a year.

Best Practices Related to Resolving Questions Efficiently

Some assessors' offices take particular steps that allow them to resolve inquiries as early as possible. These practices include encouraging property owners to contact assessors' offices and holding "open book" meetings. In Chapter 4, we provide details on certain local governments using these practices.

Encourage Owners to Contact Assessors' Offices

By encouraging property owners to contact the assessor's office prior to attending the board of review meeting, assessors have a greater opportunity to resolve questions early. We found that some assessors were proactive in encouraging property owners to contact their offices before attending the board meeting in 1994. For instance, some assessors used the real estate valuation notice to advertise the telephone number of the assessor that property owners could call with questions. In describing the procedures for appealing value, some notices suggested contacting the office as a first step. Others stated that property owners consider the board of review as a forum for appeal only after discussing the situation with the assessor.

This approach invited property owners to contact the office without preventing those who wished to appear before the board from doing so. The method required assessors to structure adequate time in the appeals process for property owners to inquire informally about their assessments. It also required assessors' offices to prepare their staff with the appropriate information, procedures, and time for handling what could be a large volume of calls or visits.

Many assessors provided objective and fair information to property owners who called, according to our survey of taxpayers.⁶ We found that appellants

⁴ Joseph K. Eckert, editor, *Property Appraisal and Assessment Administration* (Chicago: IAAO, 1990), 554-558.

⁵ To compare efficiency, we isolated county assessor offices' total expenditures for all assessment costs in 1994 (exclusive of local assessors' costs) on a per parcel basis, including only those parcels for which the county office was directly responsible. Then we compared total county costs per parcel by the share of taxpayers' questions those county offices resolved before boards of review met.

⁶ Of the 328 appellants to county boards of equalization we surveyed, 73 percent responded. Of the 385 appellants to local boards

who contacted their assessor's office after receiving their valuation notices were generally favorably impressed with how fairly they were treated. We found that:

- **About 65 percent of the appellants who contacted their assessors' offices with questions after reading their valuation notices said they received either very fair or moderately fair treatment from the assessor's office.**

Hold Open Book Meetings

Some assessors' offices held "open book" meetings to answer property owners' questions. These informal meetings, typically held during the evenings or weekends, allowed property owners to learn how the assessor arrived at the estimated value. Owners attended the meeting to discuss their assessments on a one-on-one basis with assessment staff. Staff members had access to property information either from field cards or computer databases they brought to the meeting. The atmosphere was generally open, non-confrontational, and focused on providing information to owners about their particular concerns. The meetings gave owners an opportunity to inquire about their assessment and receive an answer without lodging a formal appeal or having to demonstrate why they thought their estimate should be lowered. From this standpoint, the public was better served. These open book meetings also allowed assessors to resolve many questions that might otherwise have gone to boards of review and equalization.

COMMUNICATE UNDERSTANDABLE APPEALS INFORMATION TO PROPERTY OWNERS

The third action needed to achieve an effective appeals process is communicating understandable in-

formation to property owners. Effective communication helps increase public awareness of the assessment and appeals processes and contributes to a better understanding of the property tax system in general.⁷ Assessors have many groups with whom they interact — property owners, real estate agents and lawyers, developers, board members, and elected officials — but we chose to focus on the communication between assessors and the taxing public.

Best Practices Related to Effective Communication

Because most property owners do not have real estate or appraisal backgrounds, they need appeals information written in lay persons' terms and provided in easily read formats. Among the practices used by assessors to communicate effectively are: providing helpful and clear property valuation notices, and providing additional information specifically for property owners who want to appear before a board of review or equalization or file in tax court.

Provide Helpful and Clear Property Valuation Notices

State statutes require certain information on a property valuation notice, such as the market value, limited-market value, classification, assessor's office address, and logistical information regarding meetings of the boards of review and equalization.⁸ All notices contain that information, however, many assessors' offices use the notices to provide additional information to assist property owners who have questions about their assessment.

We found that most counties included information on the valuation notice regarding what steps property owners must take to appeal their assessment, in addition to information required by statute on date, places, and times of board of review and equalization meetings. According to our survey:

of review we surveyed, 71 percent responded. Results are subject to a sampling error of plus or minus 6 percentage points.

⁷ International Association of Assessing Officers, *Standard on Public Relations* (Chicago: IAAO, 1988), 5.

⁸ *Minn. Stat.* §273.121.

- **Assessors in 95 percent of the counties, and in 74 percent of the cities that sent valuation notices, described procedures for appealing estimated market values on the valuation notice above and beyond what statutes required in 1994.**

A majority of the persons we surveyed who appealed their assessments in 1994 before local boards of review and county boards of equalization said they became aware of the process for appealing assessments from the property valuation notice. (See Table 3.4.)

Table 3.4: Sources of Information About Appealing to Boards, 1994

Source of Information	Appellants (n = 514)
Property Valuation Notice	57%
Prior Experiences	27
Contacted the Assessor	18
Called county, city, or township officials	13
Neighbors/Friends	12
Other	36

Note: Respondents may have marked more than one source of information.

Source: Legislative Auditor's Office Survey of Appellants, 1996.

Most of the property owners found the notices beneficial. According to our survey:

- **More than three-quarters of the appellants in 1994 said they found the property valuation notice either very useful or moderately useful and informative in providing information about appealing property value estimates.**

Develop Additional Useful Information for Appellants

Other communications from assessors' offices, beyond the valuation notice, are important year round but perhaps especially so during the appeals process. Reducing the mystery and increasing the awareness of the assessment and appeals process are good public relations. Moreover, appellants are less apt to feel that the deck is automatically stacked against them when they understand how assessors arrived at their value estimates, see the comparable properties against which their own was compared, and realize that the assessor did not single them out for an increase.

For property owners who contested their property values in 1994, information from the assessor's office helped them know what to expect and prepare for a process that is otherwise foreign. Some of the information that assessors' offices provided to potential appellants included: (1) the steps owners should take to prepare for an appeal of their assessment, (2) the types of information appellants should bring to a board meeting, and (3) a summary of the process assessors follow in estimating values.

Most of the appellants we surveyed said they spent some time preparing for the 1994 board meeting in advance. For those who prepared, the assessor's office was one of the sources appellants relied on for information. According to our survey:

- **Among appellants who prepared in advance of a board meeting, about 41 percent of appellants to county boards of equalization, and 20 percent of appellants to local boards of review, said they relied on either the property valuation notice or the assessor for information about how to prepare for the meeting.**

For those appellants who contacted their assessor after receiving the notice, 71 percent reported that the information they obtained was either very clear or moderately clear and understandable. At the same time, some respondents said they did not understand how the assessment process worked, and in

particular, how an assessor calculated their property's value or why their value increased.

PROVIDE FLEXIBILITY IN THE APPEALS PROCESS

The fourth action needed for an effective appeals process is providing flexibility in the process. Although state statutes prescribe the time periods within which boards of review and equalization meet, boards have leeway in arranging the time and place of the meetings. Because of work and family commitments or time and distance constraints, not all property owners are able to attend these board meetings.

According to our survey of appellants, about a third of the respondents at the local board level, and over half of those at the county level, did not actually appear before their respective boards. Most of those who did not appear either communicated by letter to the board, dropped the inquiry, or spoke with the assessors' office to resolve the problem. However, some of the appellants we surveyed specifically noted difficulties with attending meetings of boards of review or equalization. We found that:

- **Of those appellants who decided against appearing before the board, about 17 percent said the meeting was held at a time or place where they could not appear.**

In particular, property owners from outside the county where the property was located voiced problems with attending board meetings. These were owners of a variety of property types — residential homesteads, agricultural property, and seasonal recreational residences. An additional 10 percent of those who did not appear said work or family commitments prevented them from attending. Although these property owners had the option of stating their case in writing, some believed they would be at a disadvantage if they did not attend the meeting because their absence could allow assessors and boards to more easily dismiss their concerns.

Best Practices Related to Flexibility

Some jurisdictions use practices that provide additional flexibility in the appeals process. These practices include scheduling meetings at convenient times and scheduling appointments.

Hold Meetings at Convenient Times

To make the process more convenient for property owners and board members, some jurisdictions have scheduled board meetings during evening hours or that overlap into the evening. This accommodated those persons with traditional work schedules, or some who live or work outside the county in which the property is located and could not easily attend a meeting during the day. With the use of open book meetings on weekends or during evenings, some assessors provided additional flexibility for property owners who had valuation questions but did not wish to appear before the board or could not attend the board meeting.

Schedule Appointments

Appointments to appear at board meetings benefited both the boards and the appellants, especially in jurisdictions where the potential number of appellants was large. When assessors knew in advance who would appear, they could provide background information on the property in question to aid the board's deliberations. Property information, combined with the appellants' discussion, gave board members complete information on which they could base their decision. Appellants benefit because they could appear at a predetermined time and avoid waiting through what could often be hours of other testimony. Many counties and some cities required appellants who wanted to appear before the board to schedule an appointment. Some others provided appointments as an option, but did not require them.

ADOPT CLEAR TAX ABATEMENT POLICIES

The fifth and final action we discuss to meet the goals of an effective appeals process is adopting clear tax abatement policies. Counties may grant estimated market value reductions and tax abatements to tax payers who paid taxes erroneously or unjustly. Tax abatements are not a part of the formal appeals process that ends when boards of equalization adjourn in June, but we discuss them here because they represent a method for reducing certain estimates of value under special circumstances.

Laws passed in 1990 and 1993 give counties discretion over considering abatement requests, but allow counties to consider abatements only as they relate to taxes payable in the current year and the two prior years.⁹ Further, abatements of taxes for the two prior years may only be considered when one of two conditions exist: (1) clerical errors or (2) when the taxpayer fails to file due to hardship, as determined by the county board.

Many counties responded to the tax abatement authority granted them in 1990 by developing or upgrading policies to help determine what abatement requests they would consider. The policies reduce the risk that counties will be subject to charges of treating abatement requests capriciously, or giving unfair treatment to one taxpayer over another. By setting an abatement policy and making it known, the county better protects itself against such charges. The policy also becomes a communications tool, signifying to property owners the conditions under which abatement requests will be considered. If the conditions are not met, the county has grounds for refusing to grant the abatement request.

Best Practices Related to Adopting Abatement Policies

Tax abatement policies help counties control unnecessary or unfounded abatement requests. The practices for adopting tax abatement policies, which

jurisdictions can use as a framework for treating all abatement requests uniformly, are straightforward: write explicit abatement policies and define hardship in them. In Chapter 4 we discuss some abatement policies used by specific counties.

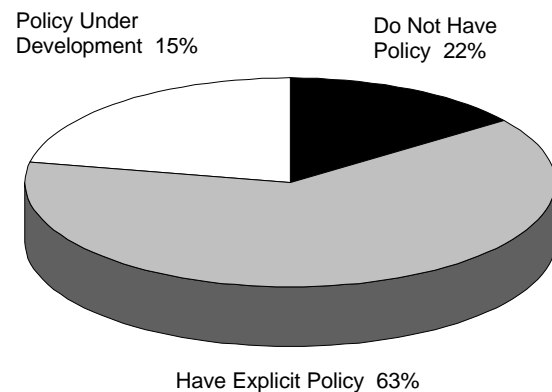
Write Explicit Tax Abatement Policies

Many counties in 1994 had explicit abatement policies. As shown in Figure 3.2,

- **Assessors in 55 of the 87 counties indicated that they had an explicit policy on considering and granting abatements in 1994.**

Assessors in 32 percent of the larger cities with authority for considering abatements said they had explicit policies on tax abatements.

Figure 3.2: Counties with Explicit Policies Regarding Tax Abatements, 1994



Source: Legislative Auditor's Office Survey of Assessors, 1995.

Define Hardship in Abatement Policies

For those counties that consider abatement requests for the two prior tax years, defining hardship sets the ground rules for deciding which property owners qualify. According to our survey, assessors in 30 counties said they considered abatement requests from the two prior tax years; 46 counties did not. Only a few counties had defined hardship.

⁹ *Minn. Stat.* §375.192, subd. 2 and *Minn. Laws* (1993), Ch. 375, Art. 5, Sec. 31.

- Among those who considered abatement requests from earlier years, assessors in 10 counties said they had defined "hardship," one of the two conditions under which the law says counties may consider abatement requests from the prior two tax years.

Counties typically described hardship as extreme circumstances beyond the control of the taxpayer that prevent the taxpayer from correcting the situation sooner. (See Figure 3.3 for examples.)

SUMMARY

Two goals for guiding effective appeals processes are: (1) the process should offer a fair and objective forum to appeal property assessments and (2) the process should be understandable, easy to use, and effective for all participants. In this review we recommend five actions for meeting these goals, although other actions may also be appropriate. The five actions are:

1. Foster knowledge about property values and assessment among members of boards of review and equalization.

Figure 3.3: Definitions of Hardship for Considering Tax Abatements

Anoka — Any event or circumstance beyond the control of the taxpayer which precludes the taxpayer from filing for a reduction or an adjustment of the property taxes. Examples of "hardship" may include the incapacity of the taxpayer or illness of the taxpayer or taxpayer's immediate family and other events or circumstances which may constitute excusable neglect on the part of the taxpayer.

Becker — Hardship is defined as a condition whereby the owner is not physically capable of acting on, or mentally capable of understanding, the valuation and classification of their property.

Chippewa — A serious illness causing an extensive hospitalization or any other means which would have prohibited them from physically or verbally contacting the assessor's office.

Crow Wing — Hardship is defined as: (1) problems resulting with first-time and/or out-of-state home buyers, (2) documented mail problems, or (3) documented medical reasons.

Dakota — A tragedy or casualty suffered by the taxpayer such as death in the family, extreme or extended illness, accident, fire, or other extreme hardship, if said hardship can be documented to the county assessor.

Kittson — A condition whereby the owner is not physically capable of acting on, or mentally capable of understanding, the valuation and classification of their property, as determined by an affidavit stating such and signed by a medical doctor. Hardship is also defined as the property owner having a family emergency or being out of the area for military service, or other situation as determined by the county board.

Lake — Severe illness or hospitalization.

Ramsey — Where extraordinary or special circumstances exist and the abatement of the taxes, penalty, interest, costs, and/or values would be in the interest of the tax paying public of Ramsey County, reduce tax forfeitures, protect the financial interest of the taxing entities within Ramsey County, and /or promote economic and social stability.

St. Louis — (1) Medical or familial distress of individuals or principals of a business (partnerships, single proprietorships, sub-chapter S); (2) Being in the process of foreclosure or bankruptcy procedures; (3) Disaster affecting the property or business (i.e., fire, flood, windstorm, etc.), during the applicable time period.

2. Resolve property owners' questions objectively, fairly, and efficiently.
3. Communicate understandable appeals information to property owners.
4. Provide flexibility in the appeals process to accommodate varying schedules.
5. Adopt clear tax abatement policies.

We used these goals and actions to help identify some best practices related to the appeals process. Assessors' offices and members of boards of review and equalization in Minnesota use these practices, although not universally. The effective practices include: providing relevant information and training to board members, encouraging property owners to contact assessors' offices with their questions, holding open book meetings, providing understandable valuation notices and other information, scheduling board meetings at convenient times, and writing tax abatement policies.

Examples of Best Practices

CHAPTER 4

This chapter provides examples of effective methods and practices used by Minnesota assessors, local boards of review, and county boards of equalization. They illustrate how some local governments have used certain practices to help save time, money, personnel, or otherwise improve their assessment service and appeals process.

We chose the assessors and boards described in this chapter for two reasons. First, they scored well when we measured their performance with indicators of outcomes, efficiency, and cost effectiveness. Second, because many local governments performed well, we selected jurisdictions of differing sizes and geographic locations to give us a broad cross section of local governments. We visited or conducted telephone interviews with assessors and board members in 27 jurisdictions around Minnesota, including 11 counties, 14 cities, and 2 townships. (See Figure 4.1.) Although we identified as effective a far larger group of local governments than the ones described here, time and other resource constraints limited the number we could visit.

In describing these examples of effective practices, we are not suggesting that these practices are used only by these particular jurisdictions. Many other local governments follow some of the same practices and methods. Further, effectiveness is not limited to the practices illustrated here. Local governments may use other effective

These examples offer ways to save resources or improve assessment service and the appeals process.

and efficient methods and practices beyond those we describe. Nonetheless, the practices we describe provide a good sample of what various Minnesota local governments have found effective or efficient.

We grouped the effective methods into five areas. Each area corresponds to the actions we recommend in chapters 2 and 3 for effectively structured assessment systems and effective appeal processes. The five areas are:

- 1. Foster knowledge about property values and assessment among members of boards of review and equalization.**
- 2. Resolve property owners' questions objectively, fairly, and efficiently.**
- 3. Communicate understandable appeals and assessment information to property owners and others interested in the assessment.**
- 4. Maintain adequate personnel and equipment to produce assessments accurately and efficiently.**
- 5. Adopt clear tax abatement policies.**

These five areas relate to goals laid out in previous chapters: cost-effectively estimating property values uniformly and at market value; offering a fair and objective forum to appeal

Figure 4.1: Local Government Sites for Interviews, 1996

<u>Counties</u>	<u>Cities</u>	<u>Townships</u>
Anoka	Bemidji	Brockway
Beltrami	Blaine	Leavenworth
Big Stone	Bloomington	
Cass	Breckenridge	
Clearwater	Brooklyn Park	
Dakota	Coon Rapids	
Nicollet	Duluth	
Pipestone	Eden Prairie	
Ramsey	Hibbing	
Washington	Hugo	
Wright	Minnnetonka	
	Plymouth	
	Saint Cloud	
	Waite Park	

property assessments; and making the appeals process understandable, easy to use, and effective for all participants.

In each of the five areas, we provide information on several local jurisdictions that have developed and used practices to improve effectiveness or efficiency. We describe why the assessors and boards adopted the practices or methods, the advantages they gained, and any problems they encountered that could impede other local governments from adopting similar practices. We also include the names and telephone numbers of contact persons who can provide more information to readers. Although the action in Chapter 3 on flexibility in the appeals process is not a separate category of best practices here, examples of practices that increase flexibility are found throughout the other categories.

FOSTER KNOWLEDGE AMONG MEMBERS OF BOARDS OF REVIEW AND EQUALIZATION

Appointing a Special Board of Equalization

Ramsey County

Ramsey County, a metropolitan county with 491,000 residents, began appointing a special board of equalization in 1980. The appointed board consists of ten members, all Ramsey County residents, nominated by one of seven county commissioners. The assessor's office has found that reducing the political nature of the board has resulted in more objective appeals decisions.

At a time when Ramsey County commissioners believed the number of appeals was too small to justify devoting significant amounts of their time to equalization meetings, they decided to appoint individuals to serve in their place on the board of equalization. Now the assessor's office contacts commissioners each spring to collect the names of the appointed board members. Typically, four commissioners each appoint one member and three commissioners each appoint two members. The board of equalization consists of individuals both with and without real estate or appraisal backgrounds. Generally, one-third to one-half of board appointees have knowledge or experience in the field.

Once the assessor's office receives the names of appointed board members, staff send the members a letter congratulating them on their appointment and informing them of the board of equalization dates. Staff then contact members by phone to inquire about meeting date conflicts and inform them of the scheduled orientation and training meeting. In 1995, the assessor's office sent an informational packet in advance of orientation; the members reviewed the materials and brought questions to the meeting.

Assessment staff hold orientation on the morning of the first day the board meets. Staff walk board members through a valuation summary report, explaining such concepts as market value, assessment, equalization, and legislation like limited market value and "This Old House." Members then review a board of equalization packet that explains the unique nature of the countywide assessment system, the options available for appeals decisions, further appeals alternatives for property owners dissatisfied with the board's ruling, the appointment schedule, and the process for notifying appellants of board decisions. While orientation is a useful refresher for incumbent members and appointees with real estate backgrounds, the information proves particularly beneficial to newer members and appointees with little or no real estate and appraisal experience.

Appointees serve on three-person boards based on their availability and experience. The membership of the boards is not fixed; rather, office staff assign appointees to boards, whose membership may change daily, according to scheduling needs, board experience, and professional background. Typically, two three-member boards meet simultaneously. Staff try to schedule one new member with two experienced members, at least one of whom has real estate or appraisal experience. There is currently no limitation on the number of terms an appointee may serve. New members generally observe the first afternoon meeting in order to gain a better understanding of how the meetings operate.

The assessor's office requires property owners wanting to appear before the board to complete a form about their assessment question and schedule an appointment. The office then sends property owners a notice of the date and time of their appointment and asks appellants to notify the office 48 hours in advance if they need to postpone or reschedule their appointment. Appointments for property appeals are every 30 minutes. Staff balance the needs of property owners and board members when scheduling meetings over the ten-day period set aside for the board of equalization. Ramsey County provides board members with a \$100 per diem, guaranteeing a minimum \$500.

Ramsey County's appointed board of equalization has received praise from commissioners and assessment staff. Commissioners welcome the separation of politics from appeals decisions, and believe appointees can devote their time and attention to the equalization board. Assessment staff believe members are able to decide assessment questions based on market value data instead of political concerns. Property owners ultimately benefit because the appointed board makes objective appeals decisions.

Appointed boards could work well in other jurisdictions. Based on Ramsey County's experience, scheduled appointments are important to the smooth operation of its board of equalization meetings allowing assessment staff to prepare information on appeals in advance and eliminate time wasted on easily resolved questions. Ultimately, the possibility of effectively using an appointed board will rest with the degree of control over assessment disputes desired by a jurisdiction's elected officials.

For more information contact:

Brian Ducklow
 Ramsey County Assessor
 (612)266-2103

or

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 Assistant Manager, Assessment Services
 (612)266-2106

Appointing a Special Board of Review in a City that Is County Assessed

City of Blaine

The city of Blaine, with 40,800 residents located in Anoka County, is in its third year of using an appointed board of review. A 1993 city ordinance directed the city council to appoint a five-member board, three of whom must be either appraisers or real estate agents familiar with property valuation.

Members serve one-year terms. Each year the city council must approve a new board, although nothing prevents it from reappointing board members. This allows the council, along with the assessor and staff, to evaluate the appointed board of review process from year to year. The elected city council has an opportunity to examine the performance of the board and judge whether it wants to continue using an appointed board of review in each upcoming assessment cycle.

Blaine initiated the appointed board to involve persons who are knowledgeable about buildings and land, their values, and real estate markets. The level of such expertise among elected city council members varies considerably, with some knowledgeable about property valuation and others far less so. By contrast, the appointed board consists of professionals in the real estate industry with experience in matters of residential and commercial building values and property markets. They understand the issues involved with determining property and land values and are familiar with local markets. Although there is a potential for a conflict of interest among appointed professionals in the real estate industry who could conceivably be deciding values of property that affect their livelihood, this situation has not arisen in Blaine's two-year experience.

Blaine also went to an appointed board of review because appointed members could be objective about valuation decisions without feeling beholden to property owners for political reasons. Appointed board members could make independent decisions without fear that any single decision may play a role in their re-appointment. Appointed members could decide questions of valuation based on their knowledge of property sales, similar properties' values, and market conditions. In Minnesota, the heavy reliance on property taxes for revenue reinforces the importance of ensuring that the values are assessed equitably and taxes collected uniformly so that all taxpayers pay their fair share. A majority of Blaine's elected officials felt that having knowledgeable and experienced professionals decide issues of property valuation would demonstrate that citizens were being treated equitably. An objective board of review with real estate experience could help dispel any perception of elected officials

changing property values, regardless of merit, to help their own constituents at the expense of other residents who did not attend the board meeting.

To connect the work of the appointed board to the elected council members, Blaine's ordinance also established an annual workshop for both council members and board appointees. Here they meet with the Anoka County Assessor, whose office assesses property values in Blaine, to review current market and assessment trends and changes in property tax laws for the past year; values for homes, businesses, and other types of property; law changes that affect assessments; changes in tax rates at the county, city, and school district levels; and changes in assessment functions. This workshop benefits both parties. Council members stay involved with assessment issues at the policy level and everyone gains from a review of the roles and duties of the board, as well as law and market changes over the past year.

Blaine follows the same procedures for appointing members to the board of review as it does for other appointments to city commissions and boards. Based on recommendations from staff and council members, the mayor appoints board members, subject to approval by the full council. The mayor makes the recommendations at one meeting and the council affirms at a subsequent meeting, allowing time for council members to register disagreements. The mayor appoints the chair from among the appointees.

The direct cost to the city for using an appointed board of review is nominal. Blaine pays board members a stipend of \$100 per meeting attended, including the workshop. Board members with experience as a certified licensed appraiser receive slightly higher pay of \$150. The stipends recognize the value of the professional judgment brought to assessment issues by the appointed board members. The city also reimburses travel expenses to meetings. Liability for board actions is covered under the city's insurance.

Although Blaine's city council does not unanimously support an appointed board of review, some members who philosophically disagree with its con-

cept say that the board has worked well in its first two years. Blaine has been able to maintain fairly constant levels of spending and has enjoyed a stable property market over the last two years. However, because the city has avoided steep tax increases and rapidly changing property values, Blaine's appointed board has not yet been fully tested. The board has not faced large numbers of upset property owners.

Public expectations of locally elected officials may color the receptivity of an appointed board of review in some jurisdictions. Although Blaine's appointed board of review has worked effectively in these initial years, it is unclear whether residents of smaller cities would view the appointed board in the same light, given the sometimes closer relationship between citizens and their elected officials in smaller jurisdictions.

For more information contact:

Elwyn Tinklenberg

Mayor, Blaine
(612)784-6700

or

Dick Swanson

City Councilman, Blaine
(612)784-6700

Appointing and Preparing a Special Board of Review

City of Bloomington

Bloomington, a city of 87,000 residents located in Hennepin County, appoints a special board of review with five members, all of whom have real estate experience. The city began appointing a board in 1994 in part because city council members felt the process for deciding whether property had been properly assessed would benefit from the input and consideration of persons knowledgeable about real estate values.

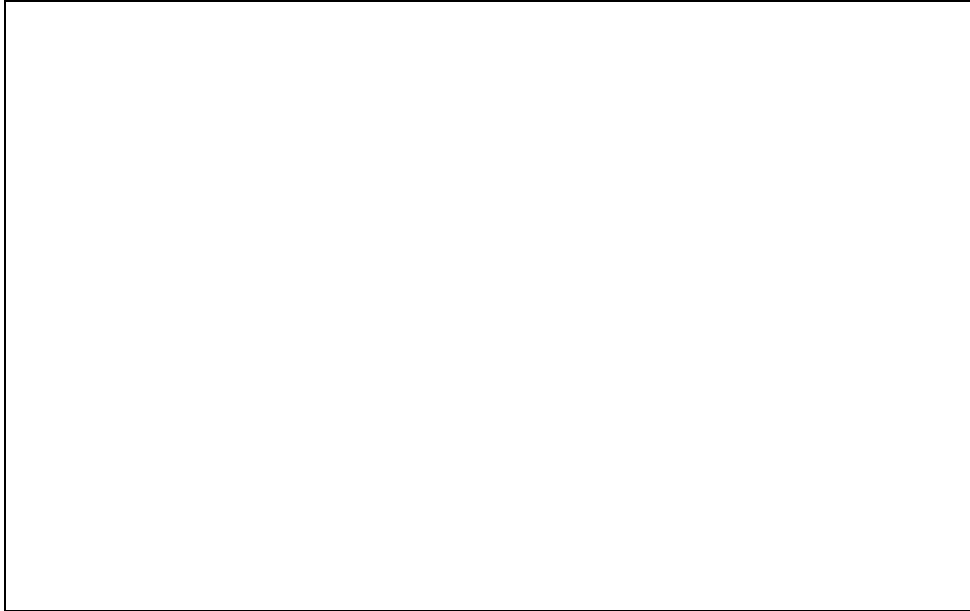
Board members must reside in Bloomington and have experience as an appraiser, real estate agent or attorney, or property manager, or have other real es-

tate valuation experience. In addition, at least two of the five members must have experience with commercial-industrial or apartment valuations. Members serve two-year terms and may be reappointed for up to three terms (six years). Because terms are staggered, the board has some continuity in membership from year to year. The appointment process is the same as that followed for other boards and commissions in the city: Bloomington's city council appoints the members, based upon applications for the positions.

About two weeks prior to the board of review meeting, members meet for an orientation session. At this orientation, the city assessor's office introduces the appointees to the duties and responsibilities of the board of review and describes the procedures for the board meeting. The office provides an overview of 10-year tax and valuation histories for representative properties, assessment reports from the past year, property sales and sales ratio information, and market-value adjustments from the past year. The appointees also learn what the state and county look for in the way of sales ratios, coefficients of dispersion, and other technical information.

Because the assessor's office requests property owners to apply to appear before the board, staff can prepare background information regarding many of the contested properties and present it to the appointees at their first board meeting. Appraisers who talk with property owners about valuation questions after value notices are mailed send a board of review application to anyone whose question cannot be resolved. This application form allows owners to state what they believe the value should be and explain their reasons for objecting to the assessor's estimate.

At the first board of review meeting, members listen to property owners and any relevant information from the city assessor's staff to support the estimated market value. However, the board does not make any valuation decisions at this meeting. The board reconvenes two weeks later, reviews each case heard at the first meeting, and renders decisions. Although not required, board members have taken the initiative to visit the subject properties between meetings for a more complete understanding



The Bloomington Board of Review

of the property and its neighborhood. Bloomington designed this dual-meeting process to enable appointees to hear all cases and gather any additional information they required before making any decisions.

The board of review is advisory to the council and its judgments are preliminary until the city council considers and approves them. The ordinance establishing the board of review specifies that the city council must make its decision without further testimony. In the first two years of the appointed board, city council members sustained all of the board's decisions. By designing the board of review as advisory, council members stay informed about the city's valuation while benefiting from the knowledge of persons inside the real estate profession.

Although using an appointed board generates more work for the city assessor's office, including an additional city council meeting to review the board's recommendations, the parties involved agree that the benefits justify the extra time. The city incurs a nominal cost for reimbursing appointees' travel and out-of-pocket expenses. Despite a provision in the city's ordinance stating that appointed board members may be compensated on a per meeting basis, the city council does not currently provide a stipend. Whether the city will compensate members in the future remains an issue, with some saying

that the board of review should be treated as all other city boards or commissions, and others arguing that the special backgrounds and expertise of board members warrant compensation.

From the perspective of the city assessor's office, the appointed board provides the high level of expertise needed to make valuation decisions. Citizen feedback to city council members has been positive, even from persons who disagreed with

the board's final decision. Using an appointed board also brings an increased level of independence to the valuation decisions because members may have less partiality to property owners than elected officials might to their constituents. Furthermore, the city's rules and procedures for the board clearly define potential conflicts of interest and require members to decline from voting on properties in which they have such conflicts.

For more information contact:

Peter Koole
Bloomington City Assessor
(612)948-8707

or

Bob Turek
Assessment Specialist
(612)948-8700 extension 4244

City of Duluth

The city of Duluth has ten years of experience in appointing a special board of review. Duluth is located in St. Louis County and has 86,000 residents. Because Duluth is a city of the first class, its city assessor has the powers and duties of a county assessor.

The city council appointed its first special board of review in 1986. At the time, city council members were interested in using a board of review that had expertise in valuation decisions. The city council felt it lacked the background and knowledge that real estate and appraisal professionals could bring to the board of review process.

Duluth's appointed board of review consists of four members: a real estate agent, an appraiser, a real estate attorney, and a city council member. When the city council created the appointed board it conferred all board of review authority to the appointees. However, the council retained some input to the board by requiring one of the four appointees to be a city council member. The mayor appoints board members, upon recommendations by the city assessor, and the city council approves the appointments. Appointees serve four-year terms and may be reappointed to successive terms. Members serve on the board out of a sense of civic duty and receive no compensation or reimbursement of expenses.

On the property valuation notice, the assessor's office asks that property owners with questions initially review the assessment with the assessor's office. If owners are unable to resolve their disputes with the assessor's office, they are required to register in advance for the board of review meeting, allowing assessment staff to prepare brief summary reports on the subject property and sales of comparable properties.

The city assessor sends the property reports and a preliminary agenda to board members in advance of the meeting. In early May each year, the board meets one to three days, typically from about 4:00 p.m. to 7:30 p.m. to accommodate property owners who work during normal business hours. Before the meeting starts, the city assessor summarizes the duties and responsibilities of the board and describes the appraisal work done in the past year.

During its meeting the board hears from all property owners present. The board usually listens to both the owner and the appraiser and, following public input, makes a decision at the same meeting. However, in some cases the board wants additional information before making a decision. When this

happens, the board may request additional research and view the properties in question. After compiling the additional information, the board reconvenes and decides the remaining cases.

The appointed board of review has been successful for the city council, taxpayers, and the assessor's office. Over the years, city councils have been very supportive of the appointed board because it has fulfilled the primary objective of offering genuine real estate expertise in making board of review decisions. The appointed board has removed from its decisions the appearance of political influences; appointed board members do not stand to gain politically from their valuation decisions. The public has also been receptive to the appointed board, offering positive comments and virtually no negative remarks regarding board performance over the past 10 years. A large part of the assessor's office satisfaction with the appointed board comes from working with board members who understand the appraisal process and local real estate market. The assessor's office incurs no additional costs for using the appointed board.

For other jurisdictions interested in appointing a board of review, Duluth's assessor's office recommends filling the board with members who are professionals in the real estate and appraisal fields. A possible difficulty for smaller jurisdictions is finding sufficient numbers of residents who are experienced professionals and willing to devote their time and energy to the process. To keep the board as autonomous as possible, it is important to have an objective and straightforward appointment process.

For more information contact:

M. Lynn Duncan
 Duluth City Assessor
 (218)723-3287

City of Eden Prairie

Since 1992, the city council in Eden Prairie, a Hennepin County suburb with 42,000 residents, has appointed members to a special board of review. The five appointees are residents of the city and have ex-

perience and backgrounds in real estate or appraisal.

Eden Prairie's city council opted to try a special appointed board of review because it considered the former process time consuming and unsatisfactory. As the board of review, council members were faced with balancing the need for a quality assessment of the city's tax base against the wishes of residents who disliked their assessment. Although the council considered appointing a board that was advisory only, some saw an advisory board as cumbersome and an additional, unnecessary layer in the appeals process. Instead, the city council delegated all powers and duties of the board of review to the special appointed board.

Members on the appointed board serve one-year appointments. With one-year appointments, the city council can control the board's membership and replace members if dissatisfied with their performance. However, members may be reappointed in subsequent years. The city pays each appointee \$50 per meeting and reimburses driving expenses.

The city assessor holds an organizational meeting with the appointees prior to their first meeting as the board of review. At this meeting, members meet each other, the assessment staff, and the city manager. Members elect a chair and vice-chair. The city assessor instructs the members about their statutory duties. He also details the roles and responsibilities of other members of the appeals process, from the Legislature and Minnesota Department of Revenue to the county and city assessors. Appointees receive information about the city assessor's appraisal and revaluation practices, the use of models to adjust property values based on sales of surrounding properties, and the development and use of sales ratio studies. In addition, the city assessor describes recent market trends and their influences on property values over the past year and annual changes in estimated market values.

The appointed board of review meeting begins at 7:30 p.m. to accommodate the schedules of most Eden Prairie residents. City policy requests property owners to complete a one-page application to

appear at the board of review meeting. Because the assessor's office generally receives applications in advance, it provides board members with copies at the first board meeting. Between the night of that first meeting and 20 days later when the board reconvenes, the assessment staff research and prepare property reports for each property in question. As appraisers complete the property reports, they send copies to board members so that the board has time to read them all. At the board's second and final meeting, members discuss and decide on each application and property report.

This process has worked well in Eden Prairie by several measures. Although the city has not conducted a formal evaluation of the process, city council members have received positive feedback from their constituents, the board, and from assessment staff. Council members do not have to get involved with assessment disputes involving their constituents and can devote their time to other city issues. Board appointees take their job seriously and appreciate the detailed property reports that staff prepare. Although the statute requiring the board to adjourn after a 20 day period imposes a difficult deadline on the assessment staff who write property reports, board members say they need the amount of data in the reports to make good decisions. The appointed board members' expertise provides an extra incentive for staff to prepare accurate and thorough reports.

The process enhances the assessment staff's credibility with residents and the city council. Having board appointees who are knowledgeable about real estate in the surrounding area helps verify for property owners the accuracy of the assessor's estimates of value. People who may otherwise have feared that the assessor singled them out are generally reassured when experienced real estate professionals validate the estimated market values. In addition, board members provide feedback to city council members about the staff's quality work. Affirmation from professionals in the field augments the elected officials' confidence in the assessor's office.

Although Eden Prairie chooses to appoint a full slate of board members who are experienced in buying, selling, leasing, or appraising property, smaller

communities may have greater difficulty finding enough qualified individuals willing to serve. In those cases, communities might consider the option of including fewer members with relevant backgrounds or experience.

For more information contact:

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Eden Prairie City Assessor
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City of St. Cloud

For the last eight years, St. Cloud’s city council has appointed a special five-person board to perform board of review duties. Located in Benton, Sherburne, and Stearns counties, St. Cloud has a population of about 58,000 and the city assessor has the power and authority of a county assessor.

The city council decided to appoint a special board of review in 1989 to bring people knowledgeable about real estate issues into the appeals process. At first, the city council named just one person, an appraiser, to replace one of the council members. Over time, as the council realized the usefulness of appointed professionals, it increased their representation on the board. Although the city council is still represented, real estate professionals make up a majority on the board. Currently, the board of review consists of two appointed appraisers, one real estate agent, and two appointed city council members.

The city council appoints board members upon recommendations by the city assessor’s office. Members rotate off the board with a new appointee added on a regular basis. Appointed members do not receive compensation for their service. As a result of the city’s annexation of St. Cloud Township in late 1995, future boards will have an additional appointee familiar with the former township area.

To prepare the board, the assessor’s office mails information to members about a week prior to the meeting. The information includes brief appraisal reports on cases coming before the board. On property valuation notices sent in early February, the as-

essor suggests in bold print that property owners who have assessment questions or wish to appear before the board call to discuss their question and make an appointment if needed. Follow-up information mailed to people who call in with questions but are not satisfied also requests scheduling appointments with the board. Consequently, the assessor’s office has a good idea of who will appear at the board of review meeting and can prepare property appraisal reports in advance. The reports consist of basic information about the property in question, such as its market value history, sales price, characteristics of the exterior and interior finish, a photograph and sketch of the building, and sales prices and characteristics of comparable properties.

Additional information mailed to board members describes the board’s responsibilities. In a written memorandum, the city assessor explains the board’s duties and the assessor’s goal of estimating market value within the range of 90 to 105 percent of the median sales ratio. The memo describes a statutory proscription against lowering the aggregate assessment by more than one percent and considering assessments for anything but the current year. In addition, the memo relates some common concerns taxpayers could raise and possible responses to the concerns. Along with the memorandum and appraisal reports, the assessor sends definitions of common terms that are likely to arise during the board meeting.

The board meets one day in early to mid-April, usually from 3:00 to about 6:00 p.m. to accommodate the schedules of people with obligations during the day. Property owners have about 10 minutes to state their case. Those who scheduled appointments will have received letters from the assessor’s office indicating the usefulness of presenting evidence such as an appraisal or sales of comparable properties. Property owners without appointments have an opportunity to speak following the scheduled appointments. When unscheduled appellants arrive, staff members pull the appropriate property field cards and refer owners to an appraiser if they would rather discuss a question about their assessment instead of make their case before the board.

The appointed board of review has proven beneficial to both property owners and the assessor's office. Informal feedback from the public has been positive. With the appointed board, property owners receive a fair hearing by professionals knowledgeable about property values and appraisals. Property owners seem to value the informed opinions of persons with expertise in the field, as evidenced by the fact that only one person since the use of the appointed board has taken the next step and appealed to the county board of equalization. Decisions to raise or lower estimated market values are based on empirical sales and market data, largely removing politics from the decisions. For the assessor's office, the appointed board offers an assurance that its work will be judged by people with general real estate backgrounds who understand the three approaches to value and how to analyze comparable properties.

St. Cloud's process may be useful to communities considering an appointed board of review in that its board began with one real estate professional and gradually grew to include more appointees from the industry. As confidence in the appointed board increased, the city council felt more comfortable adding members with appraisal experience. St. Cloud's assessor's office also found that the good relationships it had developed over time with the local community of appraisers and real estate agents were useful when time came to recommend appointees.

For more information contact:

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St. Cloud City Assessor
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Appointing Special Advisors to a Board of Review

City of Minnetonka

For over 10 years, the city of Minnetonka, with 49,300 residents located in Hennepin County, has used an advisory panel to assist its board of review. The advisory panel, consisting of four local profes-

sional real estate agents, is a resource for property owners and the city council. The city council is able to rely on expert opinions when making appeals decisions, and property owners receive a second professional estimate of their property's market value.

Every January, the city council appoints four board of review advisors. The advisors are all local real estate agents familiar with property in the area. The assessor's office recommends potential appointees based on recommendations from the community and self nominations. Although advisors are appointed each year, the maximum length of time they can serve is eight years.¹

Minnetonka's board of review holds two meetings, both of which appointees attend. The first meeting is to examine specific information regarding the challenged estimates of market value and the second is to decide each appeal. Prior to the first board of review meeting, the assessor's office prepares background materials for board members and appointees.

The assessor's office prepares an annual assessment report each January. The report describes general information about the assessment process, as well as specific information regarding that year's assessment. Items discussed include: estimating market value; historical changes in market value; sales ratios; general assessments; apartment, commercial, and industrial assessments; comparisons with other cities; the appeals process; public information and citizen relations; the assessment calendar; and historical tax rates. The city council and board appointees receive the report prior to a February work session, at which time members discuss the assessment report at length.

The assessor's office additionally furnishes both board members and advisors with information on each appeal. Minnetonka property owners receive their valuation notices six to seven weeks before the board of review meeting. On the notice, the assessor's office states the date, time, and location of the local board of review meeting and requires property

¹ Minnetonka's city charter restricts any city volunteer to a maximum eight years of service.

owners to schedule an appointment to appear before the board no later than two weeks prior to the scheduled meeting date. Because petitioners to the board of review register in advance, the assessor's office is able to assemble relevant property information, owner information, a map and picture of the subject property, pictures and descriptions of comparable properties, and a justification of the assessor's estimated value. Assessors compile these data for every scheduled petition, place the data in a board of review agenda binder, and distribute the binder to council members and advisors the weekend before the first board of review meeting.

Board members and advisors spend the first meeting familiarizing themselves with each petition. After the first meeting, advisors in teams of two examine each challenged assessment and generate their own estimate of the property's market value. Although the amount of time needed by advisors depends on the volume of appeals, typically 10 to 30 appeals take advisors 2 to 3 days of field work. Board advisors are compensated \$25 per board meeting and \$50 per day spent in the field.

The assessor's office incorporates the advisory teams' recommendations into a final summary of each petition which it adds to the local board of review binder. The summary lists the petitioner, the property's value from the previous year, the assessor's estimated value for the current year, and the advisors' recommended value for the current year. At its second meeting, the board of review renders decisions on each petition. The assessor's office notifies all petitioners of the advisors' recommended property value, and invites property owners to attend the board of review meeting if they wish to add any information. The board hears any comments from property owners, and asks questions of the advisors as needed, before reaching its decisions.

The assessor's office has noted multiple benefits from using an advisory panel to assist Minnetonka's local board of review. First, the advisory panel helps lessen the sometimes political nature of board meetings. Before the establishment of the advisory panel, council members had voiced concerns about making decisions in a field where they are not expert. Members now believe that, in combination

with their own preparation prior to the board meeting, they are able to make more knowledgeable and informed decisions.

Minnetonka's assessor also views the advisory panel as an effective tool for the city to diminish the public perception of government as an autocratic institution. The advisory panel offers property owners a second, outside opinion based on expertise in the field of appraisal. Although assessment staff initially had some apprehension about the potential for weakening their opinions, they now believe that the advisory panel complements their assessment estimates. Assessors find the process an effective learning tool, compelling them to fully substantiate their estimated market values.

Based on Minnetonka's experience, a successful advisory panel depends upon the strength of the appointees. Not only must advisors possess the knowledge and expertise to make and justify sound recommendations, but they must also have effective interpersonal skills. Advisors that communicate effectively with the public during property visits and when answering questions at board meetings strengthen public perceptions of the board of review and assessor's office.

Educating both the advisors and the board has also been important to the process' success. Advisors need to know their responsibilities and role in the process. The board needs to understand the general assessment process and the roles of the assessor's office and advisory teams. Although the time involved in preparing the background materials is significant, approximately 80 staff hours for the annual report and 240 hours for the board of review binder, Minnetonka's assessor believes the benefits far outweigh the costs. A well-informed and well-prepared assessment staff, advisory panel, and board of review benefits property owners by ultimately providing fair and equalized property values.

For more information contact:

Richard Toy
Minnetonka City Assessor
(612)939-8226

Preparing a City Board of Review

City of Brooklyn Park

Brooklyn Park's assessor's office provides extensive background information for its city council in preparation for board of review meetings. Brooklyn Park is located in Hennepin County and has about 58,000 residents; the assessor's office is responsible for assessing over 18,000 real estate parcels. Brooklyn Park holds two board of review meetings each year, the first to hear citizens' queries and the second to make decisions on the contested properties. Between meetings, the city assessor's office gathers information on each of these properties and presents it to the board.

To prepare the city council for its duties as a board of review, the city assessor's office develops a packet of background information and sends it to the city council in advance of the first board meeting. This information details the role and responsibilities of the board of review and explains major components of the assessor's work. In past years, the packet also has included tax information about city properties. However, this information is now largely reserved for the truth-in-taxation meetings that have been required of Minnesota local governments each fall since the early 1990s.

The background information packet includes — in easy-to-read, bullet format — the statutory responsibilities of the board, such as the authority to add omitted property to the tax rolls; statutory constraints on the board, such as the one-percent limit imposed on changes to the city's aggregate market value; and a review of the board's procedures from past years.

The packet also outlines the results of market changes and the assessor's work from the last year. The assessor provides an overview of values in the city by type of property and describes how the value of these classes of property changed since the previous year. A city map shows how the assessor divided Brooklyn Park into quarters to conduct inspections of one-fourth of the city's parcels each year. The assessor includes a brief description of sales-ratio studies, how they are compiled and used,

and the state and county requirements for sales-ratio studies. To show the city council how close the estimated market values are to sale prices in Brooklyn Park, the assessor provides results of the sales-ratio studies for each of the major types of single-family homes, such as ramblers or split entries. The assessor includes definitions of market value to make clear that the assessor's estimate is required by law to represent the usual selling price of a property in an arm's length transaction on the open market.

The packet also contains information about the system of appealing estimated market values. It includes a graphic illustrating the various steps a property owner can take to appeal valuations. In addition, the packet has a copy of the form that citizens are asked to complete when they appear before the board of review.

Armed with this background information, the board of review holds its first meeting. The board spends the entire meeting listening to the presentations and questions of the property owners. It adjourns after informing the citizens that the assessor's office will inspect and reappraise each of the properties in question (usually about a dozen).

Over the next 10 days, the assessor's office reappraises the contested parcels. The assessor prepares detailed information for each property, including a photograph of the subject property and data on four comparable properties. A comparison table lists the characteristics of all five properties including: sale dates and prices, style, square footage, the year built, number of baths, size and finished percentage of the basement, and amenities such as decks and fireplaces. When necessary to show the location of a property next to certain conditions, such as a major roadway, the assessor also includes a map of the surrounding area. Before the board's second meeting, board members receive this detailed information about each contested parcel. At the second meeting, members compare the information and determine the appropriate valuations.

Each contested parcel requires about an average of seven hours to prepare. Although time consuming, the Brooklyn Park city assessor considers the time

well spent. The material helps the board of review members, some of whom may have little real estate experience, make informed decisions based on facts and market realities. The background information buttresses the assessor's value determination and illustrates how the assessor arrived at the property's value objectively and independently. As a result, the board of review has concurred with virtually all of the assessor's recommendations over the past decade. Other jurisdictions with significantly higher numbers of contested properties may not be able to provide the same level of detail unless they are able to complete some of the work in advance of the first board meeting.

For more information contact:

Ned Storla
 Brooklyn Park City Assessor
 (612)493-8173

City of Coon Rapids

The city assessor's office in Coon Rapids, an Anoka County city with nearly 62,000 residents, prepares extensive materials each year to help educate city council members and the mayor about their duties as the local board of review. In addition to written materials in advance of the meeting, the assessor makes a brief presentation to the board immediately prior to the meeting, reviewing relevant information.

The assessment staff provide detailed information to update board members on annual changes in the assessment and to reacquaint them with the appeals process — something board members typically deal with only once a year. The information helps the board members respond knowledgeably to property owners' questions and make informed decisions on value estimates.

In early March, the assessor's office sends a memorandum to the city council and mayor explaining that property owners are about to receive their tax statements and describing pertinent information council members may need to answer questions they receive from constituents. The information includes descriptions of: valuation changes from the

past year, tax capacity calculations for residential and commercial properties, tax rates and their annual changes for each of the taxing jurisdictions, and estimates of taxes on some sample properties and their changes over one year and over 10 years. The assessor also describes the property tax refund that is available for qualifying homeowners and any other charges in addition to taxes that appear on the tax statement.

About two weeks before the board of review meets, assessment staff send a board of review book to all members. The book serves three main functions: (1) to describe the board of review's authority, (2) to explain the appraisal work conducted in the past year, and (3) to provide information on estimated market values and taxes for a number of benchmark properties for the current year and past 10 years. In addition, the assessor describes new legislation that affects the assessment, provides a glossary of real estate appraisal terminology, presents an overview of what appraisers look for in determining property values, and defines and describes the assessment/sales ratio study and its uses.

Assessment staff write the board of review book to be thorough yet understandable to persons not involved with assessing on a daily basis. The book describes changes in valuation and market trends, but also gives the assessor the opportunity to raise awareness about issues within the office, such as the use of new software for mass appraisal of commercial property or current staffing levels.

In addition to the board of review book, the assessor provides to board members a separate report on residential sales within the city. The report contains sales and sales ratio information on every sale of residential property over the past year. For each type of home, such as rambler or townhouse, the report lists the number of sales and the weighted aggregate sales ratios. The report also lists sales and sales ratios by size, price, and age of home. Finally, the report looks at home sales by locational factors, such as nearby railroads, rivers, or parks, to indicate the level of the assessment for properties with values that may be affected by nearby land uses.

At the start of the board of review meeting, the city assessor reinforces the written materials with a brief oral presentation on how values changed by property type and what neighborhoods were the subject of reappraisals that year. The oral remarks serve as an orientation for board members as well as for property owners who have appeared to question their estimated market values.

The biggest cost involved is the time devoted to preparing the materials. However, the assessment staff consider the time a good investment because the board is better prepared to manage the appeals process as a result. Because the assessor's office has been supplying written materials to the board for the past two decades, it has a body of information that it updates with relevant changes each year. In addition, assessment staff use the sales information in other ways, such as answering questions from property owners who call with assessment questions. Assessors' offices that have not compiled such extensive information would have to invest considerable time to collect appropriate data and build trend information from past years.

For more information contact:

Gaylord Aldinger
Coon Rapids City Assessor
(612)767-6445

City of Waite Park

In Waite Park, a city of 5,400 residents in Stearns County, the mayor has used data from the county to compute a simple yet complete list of value and taxes for each property in the city. When the city council and mayor meet as the board of review each spring, they use the list to help them decide property owners' appeals for changes to estimated market values. The city contracts for assessment services.

The property list computed for the board of review contains basic information about each parcel: the property identification number, owner's name and address, whether the property is homesteaded, estimated market value for the current year, and values and taxes paid for the past three years. To compile

the list, the mayor requests value and tax data from the county auditor and enters the data onto a computer spreadsheet. The mayor sorts the data both by property identification number and by owners' names and then distributes copies to city council members for use during the board of review meeting.

At the board of review, the mayor and other board members use the property list to clarify information that property owners provide. Often, owners have a sense that their value increased but cannot recall specific numbers. Although the assessor is available during the meeting to retrieve field cards on properties, the field cards do not provide tax or value information. With the property list, board members have relevant information at their fingertips about the property in question. Because the list includes data on all parcels in the city, board members can also track changes in value for other properties when taxpayers claim that their value increased more than their neighbors.

The mayor first began compiling the property list in 1990 to have information on certain problems that city officials knew would arise at an upcoming board meeting. For example, due to an annexation, the board learned of instances where homesteads were incorrectly listed as vacant lots. The mayor wanted to have data to help resolve these problems at the board meeting and, consequently, produced the property list for specific areas in the city. After using the property list at the board of review meeting, the mayor and council found the information useful for board deliberations and wanted similar data for all parcels. Since then, the list has included data on all properties in the city.

Each year the mayor adds a new column of current property value and tax data to the property list. Although the mayor strives to keep the data as simple and concise as possible, maintaining the list is time consuming. Adding data for the 2,500 parcels in Waite Park takes about 20 hours of the mayor's time annually. Compiling the initial list took several days. Because the county could not consolidate its parcel data in a practical format to provide the specific information that Waite Park officials requested, the mayor had to enter data the city wanted

from a thick printout generated by the county. City officials believe the value of the property list at the board meeting makes the time investment worth - while, while hoping the process can eventually be made more efficient.

Based on Waite Park’s experience, other boards of review operating without specific property data on parcels within their city or township, or boards lack - ing access to computerized property databases, may benefit from similar property lists. Such a list could be particularly useful in jurisdictions where board members have little opportunity to know in advance of board of review meetings which property owners will appear, the history of their property’s values, or the estimated values of comparable parcels. Large - jurisdictions with more parcels may find the pros - pect of compiling a property list daunting, however, with assistance from county assessors and auditors in tailoring county data and supplying it via com - puter diskette, city and township officials could avoid the time involved with re-entering and arrang - ing similar property data.

For more information contact:

Alcuin Ringsmuth

Former Mayor, Waite Park

or

Rick Miller

Mayor, Waite Park

(612)252-6822

Preparing and Holding a Township Board of Review

Brockway Township

Brockway Township, with a population of 2,300, is located in northeastern Stearns County. Before the meeting of Brockway Township’s board of review, the township supervisors take several steps to pre - pare themselves. Board preparations include moni - toring property sales in the township, consulting with the county assessor’s office, which is responsi - ble for assessing property in the township, and par - ticipating in training sessions. Board members believe that these preparations help them make

more informed decisions when they meet as the board of review.

Throughout the year, the township board receives copies from the county of certificates of real estate value for property transfers within Brockway Town - ship. The board members’ knowledge of township residents allows them to identify sales that should be discarded from analysis because they are not arms-length transactions in an open market. Moni - toring the certificates keeps the board abreast of the status of township property sales.

The county assessor’s office analyzes what the prop - erty sales indicate for real estate values, for exam - ple, whether farm land sale prices are increasing or decreasing, and shares that information with the board. This allows the township board to know how sales may be influencing property values in the township. With this information, board members can anticipate the kinds of calls and questions they will hear from township property owners.

Brockway Township supervisors also participate in training designed for all Minnesota board of review members. The Minnesota Extension Service co - sponsors short courses on property valuation in mul - tiple locations around the state each year, targeted to township, city, and county boards. The courses describe the assessment process and roles of the various participants in the process, with a particular focus on such boards of review and equalization is - sues as the development and use of sales-ratio stud - ies and the role of the local or county assessor.

At the beginning of Brockway Township’s board of review meeting, property owners sign an attendance form. The board explains the steps in the process for appealing property values, informing owners that their signatures provide a record of attendance that they may need should they decide to pursue their appeal at the county board of equalization or in the small claims division of Minnesota Tax Court. In this introduction the board includes gen - eral information on the board of review, including an explanation of the board’s authority to change only property values, not taxes themselves. Repre - sentatives from the county assessor’s office then re -

port trends in property sales and values from the past year.

The board listens to all property owners who want to present their concerns. Owners who cannot stay for the length of the meeting can state their concerns in writing. To assist board members, the county assessor may provide field cards on properties or information on sales of other properties. After hearing all the presentations, the board recesses until its next meeting. The board does not make any valuation decisions at the first meeting because it wants to first hear all cases, thereby avoiding a situation where it feels obligated to respond in a certain way to one property owner after it made that decision earlier for an owner with a similar property. In cases where a property owner presents new information, or where an appraiser has not recently visited the property, the board may request that an appraiser review the property.

At the board's second meeting, members go through each case and discuss any new information that may have arisen. The board relays its decisions to the county assessor. Each property owner then receives a letter from the county assessor's office informing them of the board of review's decision.

Brockway's township board began following these procedures five years ago, at the point when the township began contracting with Stearns County for property assessments. The township board feels that the steps it takes, both in advance of and during the board of review meeting, do not represent extraordinary measures but offer the best chance to make consistent and informed valuation decisions.

For more information contact:

Edsel Sowada

Brockway Township Clerk
(612)393-2759

or

David Friedrich

Brockway Township Supervisor
(612)393-2841

Transferring Local Board of Review Authority to the County

Dakota County

The arrangement of local board of review authority within Dakota County is unique in the state. Although some Dakota County communities have boards of review similar to those in most other counties around Minnesota, others have transferred their review board authority to the county board of equalization. Located in the metropolitan area, Dakota County has 320,000 residents and a county-wide assessment system.

The 1991 Legislature gave Dakota County cities and townships authority to transfer their board of review duties to the county board of equalization.² Prior to that, many boards of review in the county annually faced hundreds of residents concerned with their assessments. Board members could not practically answer all property owners' questions in the time allotted for board of review meetings. Several dissatisfied city council members and county representatives met to discuss alternatives. Eventually they sought legislation permitting local boards to delegate their authority to the county. Under the plan, taxpayers in communities that transfer their board of review authority have access to the county's open book meetings and to the county board of equalization, but not to a local board of review. (See the summary of Dakota County's Open Book Meetings later in this chapter.)

Since the legislation's enactment, 11 jurisdictions, representing about 65 percent of the county's parcels, have transferred their board of review authority to the county's board of equalization. To transfer review board duties for a given year, cities or townships must notify the county assessor of their decision before December 1 of the prior year. No contract is necessary. The statute requires the transfer of duties to be permanent, meaning that the city council or township board cannot reverse its decision at a later date and resume its review board duties. The option remains open for communities retaining their local boards of review to transfer

² *Minn. Stat.* §383D.73.

board duties in the future. That decision is entirely up to the city or township elected officials; Dakota County does not play a role.

Because the county assessor's office has assessed all property in the county since 1971 and has held open book meetings for many years, the transfer of local board duties to the county board of equalization did not create the need for additional county staff. The open book meetings helped absorb the volume of taxpayer questions. Although the statute enabling cities and townships to transfer review board duties allows Dakota County's board of equalization to meet during April, May, and June, the equalization board has not needed to meet more than one day, which it typically does in early June.

To avoid confusion for property owners, Dakota County uses its property valuation notices to alert owners to open book meetings and differences in the appeals process. First, the notice emphasizes the open book meeting as an easy and viable way to resolve owners' assessment questions. Information on the purposes, places, and times of the open book meetings is on the valuation notice. Second, the notice identifies whether the property is in a jurisdiction that retained its board of review, so owners know whether their appeals will go directly to the county board of equalization or first to a local board of review. Finally, the notice includes steps owners can take to appeal in communities with and without local boards of review.

Coupled with the county's open book meetings, the transfer of review board duties has improved the resolution of assessment questions. Property owners in those communities that transferred board duties to the county have the opportunity to speak with appraisers in an informal setting and at a leisurely pace, characteristics not always found at review board meetings with high attendance. The process preserves property owners' appeal rights because if they are dissatisfied with the results of the open book meeting, they still have the option of appealing to the county board of equalization. Communities that transferred their review board duties have benefited from replacing long, adversarial meetings with a process that more effectively and

quickly resolves property owners' assessment questions.

The central location of the meetings allows the staff to have access to the computers and databases they need to retrieve information about the property in question and sales of comparable properties. With fewer boards meeting, the county has reduced the number of overall meetings, making the process more efficient than in the past. Besides improved efficiency, the county assessor's office views the system as an improvement in customer service because it can provide better answers in a more genial atmosphere than at a board of review meeting.

Based on Dakota County's experience, transferring board of review authority may more easily work in counties with relatively few local assessors or communities with consistently high turnouts at board of review meetings. In communities that feel strongly about maintaining local control over property assessments, such a change is more likely to encounter political opposition. In counties with cities and townships that receive few appeals each year, a transfer of board duties is probably unnecessary.

In areas where a transfer of board duties is considered, the county must be prepared to resolve property owners' questions in some way, as Dakota County does in its open book meetings. If transferring board of review duties resulted only in larger numbers attending the county board of equalization, the county may not realize any efficiencies from the change. In that situation, the county may need to hire additional staff to handle an influx of appeals.

For more information contact:

Marvin Pulju
Dakota County Assessor
(612)438-4200

RESOLVE PROPERTY OWNERS' QUESTIONS FAIRLY AND EFFICIENTLY

Holding Open Book Meetings

Dakota County

The Dakota County Assessor's Office conducts "open book" meetings each March, allowing property owners to talk informally about their property values with county assessment staff. Dakota County is a metropolitan county with approximately 320,000 people, making it the third most populous county in Minnesota, and is responsible for assessing all parcels in the county.

Each spring prior to meetings of local boards of review, the county assessor's office holds a series of open book meetings. The intent of the meetings is to provide a forum for property owners to meet with appraisers on an informal basis to review information on their property values and receive answers to their questions about the assessment. This allows the assessor's office to resolve questions and minimize the number of owners who feel the need to appeal their assessments before a local board of review or county board of equalization.

Because of the unique structure of boards of review and equalization in Dakota County, the open book meetings are especially useful. Many cities and townships took advantage of a 1991 statute enabling them to transfer their board of review duties to the county. (See the summary of Dakota County's Transfer of Board of Review Duties earlier in this chapter.) In these cases, the open book meetings provide an opportunity for residents to resolve their assessment questions without appearing before the county board of equalization.

The open book meetings occur over eight days at three locations in the county. Meetings typically begin at 9:00 a.m. and continue through 7:30 p.m. to accommodate property owners who work during the day. Taxpayers may come in any time during those hours without an appointment. At the meet-

ings, assessment staff are available with laptop computers and microfiche to retrieve information on the owner's property. Dakota County's computer-assisted appraisal system allows appraisers within seconds to obtain data on a given property and sales of comparable properties. When meeting with owners, staff check the county's data for accuracy and can correct errors as well as answer owners' questions.

The valuation notice is instrumental in communicating to property owners necessary information about the open book meetings and appeals process. Property valuation notices describe the open book process, provide details about the meetings' times and places, and suggest that owners bring supporting information, such as appraisals or recent sales, to the meeting to make their case. The notices also indicate what owners need to do if the open book meeting does not resolve their questions. Property owners who still feel their valuation or classification is incorrect following the open book meeting have the option of appealing to their local board of review if their property is in a community with such a board. Owners of property in communities that have transferred board of review duties may appeal directly to the county board of equalization.

With this process, the county assessor's office answers thousands of assessment questions annually. The extensive open book meetings reduce the number of appellants appearing before boards. For instance, even though the county holds the board of review authority for 11 communities representing nearly two-thirds of all county parcels, the county board of equalization usually faces only about 10 to 20 property owners a year from throughout the county. This is because assessors resolve the overwhelming majority of owners' questions at the open book meetings. Further, because the meetings allow property owners to speak individually with appraisers, staff do not face the problems that can occur in a group setting when a person or event incites hostility among a large crowd of people.

Dakota County has also seen fewer tax abatement applications since beginning the open book meetings in 1992. Although an exact count is not available, the assessor's office finds and corrects many

potential errors at the meetings. This helps the county avoid abating taxes a year or two later due to undetected errors.

Because the open book meetings last into evening hours, the process produces some overtime costs. However, these overtime costs are not new to the process, and in fact, are less than they were in the past. Prior to this arrangement, many local boards of review in the county met during the evening, requiring assessors' attendance after normal working hours. Eleven of those boards no longer meet, having transferred their duties to the county; the open book meetings serve most of those property owners who would have otherwise attended the local board meetings. Because the current process reduces the overall number of meetings, the overtime has been lowered from about 80 hours to between 30 and 40 hours per assessor.

Property owners also benefit from the non-threatening, individualized atmosphere of open book meetings. Once they arrive, property owners receive a pamphlet with basic information about the assessment process. Attendees may spend as much time with the appraisers as they need. Owners confer with appraisers on a one-on-one basis and do not have to make a public presentation as they do at board of review meetings. Homeowners may compare their values with those of their neighbors living in similar homes. The response to owners' questions is usually immediate; property owners do not have to wait several days to hear a decision, unless a reinspection is scheduled. Owners see that the county collects the same data and conducts the same analysis for all similar properties, which can be reassuring to taxpayers who may feel that they have been singled out for an increase.

Based on Dakota County's experience, extensive open book meetings may work better in counties with countywide assessment than in counties with many local assessors. Communities that rely on local assessors may have a stronger will to keep their assessment issues at a local level and resist the county's involvement except as a last resort (at the county equalization board meeting). In addition, other jurisdictions that do not routinely see large

turnouts at local boards of review meetings may have no need to add open book meetings.

To duplicate Dakota County's success with open book meetings, counties need adequate facilities in which to meet, located in places convenient to many property owners. They also need adequate staff and computerization to enable them to call up the information they need on properties and comparable property sales to discuss the property owners' situations. Assessors who approach the open book meeting as a helpful way to provide information to the citizenry may be rewarded with fewer appeals to boards of review and equalization.

For more information contact:

Marvin Pulju
Dakota County Assessor
(612)438-4200

Resolving Property Owners' Inquiries Prior to Boards of Review

Cass County

In 1993, the assessor's office in Cass County, located in north central Minnesota with 22,600 residents, held its first series of Saturday meetings to provide property owners the opportunity to talk informally with assessors about their property assessments. The now-annual informational meetings are held prior to the local boards of review. The meetings have received praise from all involved participants: property owners, board of review members, and assessors.

The assessor's office introduced Saturday meetings to lessen the burden on local boards of review, which typically heard over 700 appeals a year. Assessors hoped to reduce this number of local appeals by resolving a greater share of property owner questions at the three Saturday informational meetings.

Because of the limited time between mailing valuation notices and holding boards of review, the assessor's office gears the meetings toward property

owners most likely to question their assessments. The office mails notices of the Saturday meetings to two principal groups: (1) property owners in the annual reassessment districts and (2) property owners that received a large change in value (typically 25 percent or more), as determined by a computer run on all parcels. Cass County assessors, who have authority for assessing all parcels under the county's countywide assessment system, travel to the meetings in teams. Assessors bring records of all parcels in the assessment district and meet individually with each property owner after providing a brief introduction, handout, and maps of county parcels.

The Saturday informational meetings have proven successful in Cass County. The number of appeals to local boards of review has decreased. In the first three years that assessors held Saturday meetings prior to local boards, Cass County saw a 40 percent reduction in the number of local board appeals from the preceding four-year average. Cass County's assessor believes this reduction is, in part, a result of the Saturday informational meetings. Very few property owners who attend the Saturday meetings go on to local boards of review, with a resolution of an estimated 90 percent of property owner questions.

Board of review members favor the reduction of board appeals and can now devote more time to each appellant. Appellants have also voiced approval to commissioners and assessors of the Saturday meetings, which provide property owners the opportunity to ask and resolve assessment questions in a less formal atmosphere. Moreover, assessors have found the Saturday meetings to lessen their board of review burden. Assessors spend more time with taxpayers and typically get updated parcel information, allowing assessors to correct and solve legitimate problems without going through the formal appeals process.

Saturday informational meetings cost the county time spent writing the notices and processing the mailings, postage for the approximate 1,500 mailings, and overtime pay for assessors. Overtime compensation costs the office roughly \$2,000 for its six assessors to each attend three six-hour meetings.

Although the Saturday meetings require annual overtime work from assessors and thus additional county costs, assessors believe the benefits from the meetings outweigh the costs.

Cass County is an expansive county with many different property types. Nonetheless, counties with an extremely high number of parcels might have difficulty physically transporting numerous parcel records to each meeting place and might not have enough Saturdays available to meet with all property owners. Successful operation of Saturday informational meetings might prove troublesome in counties without countywide assessment, since the county assessor's office could have difficulty requiring local assessors hired by cities and townships to attend the Saturday meetings.

For more information contact:

Steve Kuha

Cass County Assessor
(218)547-3300

City of Eden Prairie

In Eden Prairie, a city of 42,000 residents located in Hennepin County, the assessor's office commits resources to answering property owners' assessment questions immediately after residents receive valuation notices. By committing this time up front and following a planned process for dealing with property owners' inquiries, the office resolves hundreds of questions early and helps control the number of property owners who actually appear before the board of review.

Eden Prairie's assessor's office developed policies to guide its work during the appeals process and ensure that all taxpayers are treated equally. Having discovered that property owners most often wanted assurances that the assessor's office was not singling out their property for an increase in value, the office follows procedures geared toward answering as many inquiries as possible quickly and in advance of the board of review meeting. On the value notice itself, the assessor's office requests owners to contact the office with their questions. The office provides a five- to seven-week period between the

time property owners receive notices and the local board of review meets. This time span is built in to allow assessment staff to answer many property owners' questions on an informal basis; however, even with this amount of time, the volume of work is great over those weeks.

When handling inquiries, Eden Prairie's appraisers start with an assumption that the property owner has legitimate concerns, may have good reasons to question the value, and deserves to be heard. Appraisers typically handle property owners' calls in the same way. After listening to callers describe their situations, staff first explain the process the office uses to adjust property values according to the sales of similar properties in the area. If callers still have questions, staff put them in contact with the appraiser who conducted the field work in the callers' neighborhood. The appraiser will use data compiled in the office to explain the sales trends of the past year. When callers believe that their property is different in certain respects from others in the neighborhood, the appraiser looks at the file on the caller's property and describes the property's features and characteristics to verify the accuracy of the assessor's data. Appraisers may also offer to visit the property and view its interior and exterior.

Appraisers send a letter and application to appear before the local board of review to owners who continue to question the estimated value. The letter describes the purpose of the board of review and suggests that property owners may be able to avoid the board meeting by conferring with assessment staff ahead of time. The one-page application to appear before the board asks property owners to explain the reasons in support of their own estimate of the property's value. The application serves a dual function. First, it provides information from the property owners' perspective for the board of review's consideration. Second, it forces property owners to articulate their complaints about the assessors' estimated value. At this stage in the process, the assessor's office sees many property owners drop their inquiry after realizing that they do not have the evidence they need to support a change in value.

Once an owner returns the application, an appraiser begins researching the property and any unique characteristics it may have. Using information from the office's field cards, certificates of real estate value, and the multiple listing service, appraisers develop a property report. Each property report includes the same information: a description of the property, the "story" of the property including any unique features, an explanation of the appraisal approach used on the property, a description of properties similar to the subject property, and a corresponding list of any adjustments in value the appraiser felt were necessary to make the properties comparable.

While completing the property report, an appraiser may determine that an adjustment in the subject property's value is warranted. In this case, the appraiser contacts the property owner and suggests an appropriate change in value. If the owner and appraiser agree on the change, the office presents the adjustment when the local board of review meets and essentially considers the case closed. In some cases where the appraiser's and property owner's opinions diverge greatly, a second appraiser will review the case to remove any suggestion that the first appraiser was biased against the property owner.

When adjustments do not appear warranted, the appraiser completes the property report to present to the board of review. Coupled with the application to appear before the board, the property report gives board members an extensive range of information about the property, its peculiarities, and similar properties.

Following this process, the assessor's office typically reduces a field of hundreds of calls down to a few dozen. For instance, with more than 530 calls logged in 1995, the office ended up with about 40 active appeals for the board of review to discuss. The process balances the right of the property owner to appeal with the resolution of genuine problems with the assessment. It also ensures equal treatment of property owners. In its entirety, this same process may not be as readily followed by assessment jurisdictions that cannot control the timing between valuation-notice mailings and board of re-

view meetings. A two-week span, for instance, would be inadequate time to resolve questions in large jurisdictions. However, few other factors appear to constrain jurisdictions from developing policies that emphasize early and equitable resolution of property owners' inquiries within the confines of the jurisdictions' own needs.

For more information contact:

Steve Sinell

Eden Prairie City Assessor
(612)949-8300

City of Minnetonka

Since 1990, the assessor's office in the city of Minnetonka has actively attempted to resolve property owners' questions regarding their assessments prior to the local board of review. Because the office mails valuation notices six to seven weeks before the date of the board of review meeting, assessors are able to field a majority of the calls from property owners the first two weeks after the mailing, when most taxpayers question their property value, and then spend the next four weeks, in addition to answering any remaining calls, reviewing properties in question. This allows the office to resolve, prior to the board of review, over 90 percent of the questions received. Minnetonka, a city in Hennepin County with 49,300 residents, typically receives a sizable number of questions from property owners.³ Consequently, resolving the majority of these questions early substantially reduces the number of appeals that ultimately come before the board.

Minnetonka's 1989 board of review saw the largest number of property owner petitions ever filed in the city. Recognizing that the board could not continue to reasonably handle this burden of appeals, the Minnetonka assessor adopted a policy of early resolution of property owner questions. He hoped to first, decrease the number of petitions filed with the local board of review and second, improve the office's public relations.

This policy centers around one basic notion: give the taxpayer the benefit of the doubt. Minnetonka's assessor believes that many property owners just want to know that the office listens to their questions and concerns. If assessors cannot resolve a question over the phone, they will volunteer to look at the property, show the owner values of some comparable properties, and explain the process they followed to estimate the value of the owner's property. The assessors' experience has demonstrated that, in part because assessors show genuine interest in property owners' questions, they can resolve many of the questions with simple explanations of how the office arrived at its value.

In the five years since implementing the policy, the assessor's office has seen a reduction in the number of petitions filed at the local board of review and has received positive comments from property owners regarding the goodwill of the office. Moreover, the board of review now has more information on likely appeals since assessors have already gathered data on most properties in question. Although property owners may still appear before the board of review without first contacting the assessor's office, only one or two appellants do so each year.

Most jurisdictions could benefit from a similar policy of resolving property owner questions prior to the board of review, but Minnetonka's assessor thinks the largest benefits would be gained by jurisdictions similar in size to Minnetonka, where the chances are better for reducing large numbers of appeals to the board. Assessors' offices need to allow sufficient time to resolve property owners' questions prior to the board meeting. A city the size of Minnetonka, of instance, would need four to six weeks.

For more information contact:

Richard Toy

Minnetonka City Assessor
(612)939-8226

³ In 1994, for example, the Minnetonka assessor's office received approximately 1,200 to 1,400 calls from property owners, 450 which resulted in full reviews prior to the local board of review.

City of Plymouth

The city assessor's office in Plymouth develops a book of property sales by neighborhood each year. Together with its ability to quickly generate comparable sales data, the neighborhood sales study allows the office to answer hundreds of property owners' calls each spring, as well as monitor its assessments. The assessor's office is able to produce these data efficiently due to its computer-assisted mass appraisal system (CAMA). Plymouth is a city of 57,000 residents located in north central Hennepin County and operates its own city assessor's office. Because of the city's steadily increasing property values and rapid growth — approximately 550 new homes and 2,100 building permits annually — the assessor's office receives a high volume of taxpayer inquiries.

In the neighborhood sales study, the assessor's office breaks the city down into over a hundred areas distinguished by homogeneous building characteristics. The assessor conducts a sales study within each of the neighborhoods, comparing properties' selling prices with the estimated market values. Included in the study are the number of sales and purchase amounts, estimated market values, mean and median sales ratios, and coefficients of dispersion. The assessor computes an assessment/sales ratio study by type of home, such as ramblers or townhouses, and by home values. In addition, the assessor calculates sales ratios for properties next to certain land uses, such as major roadways, to detect influences those land uses may have on values.

Prior to the release of property valuation notices, staff in the assessment office receive information on where estimated market values increased and by how much. Most taxpayer inquiries come from neighborhoods with the greatest increases. Clerical staff field the calls and are prepared to answer general questions about valuation increases. When callers request more specific information, clerical staff refer them to the appraiser who worked in their subdivision. In talking with property owners, appraisers use the neighborhood sales study to describe properties that sold in the area and how those sales influenced other estimated market values.

If the neighborhood sales do not include properties similar to the caller's, appraisers can easily retrieve information on sales of comparable properties located elsewhere in the city. Appraisers can match the style, age, size, and amenities of the caller's home with other properties and compare values and selling prices. Interested taxpayers can drive by the properties used in the appraiser's comparison for their own viewing. If property owners are not satisfied with this information, appraisers offer to visit and inspect their property. Appraisers cannot adjust values of properties without first inspecting them.

Assessment staff have used the neighborhood sales study since 1990 when the office first used a CAMA system to calculate sales ratios. The neighborhood study is one of several steps the assessor's office takes that contributes to an excellent level and uniformity of the assessment, as measured by the sales ratio and coefficient of dispersion. CAMA allows the office to produce assessment/sales ratio studies and analyses of comparable property sales faster and more accurately than in the past. Staff answer hundreds of taxpayer inquiries with current and reliable data on comparable properties, while meeting the office's customer relations objective of returning all telephone calls on the day they were received. This process is particularly important in Plymouth where assessment staff levels are slightly lower than in similar cities.

Having divided the city into neighborhoods for the sales study years ago, annual revisions to the neighborhood study are straightforward and require minimal staff time compared to the time saved in using the study's results. Other jurisdictions with few property sales may not have sufficient data to calculate a neighborhood sales study. CAMA makes conducting the neighborhood sales study feasible. Although a precise estimate of Plymouth's CAMA system was unavailable, expenses for CAMA systems can vary from thousands to hundreds of thousands of dollars. This large capital cost could prove to be a barrier to some jurisdictions. Plymouth's experience indicates the importance of involving assessment staff in the planning and design of a computer system to ensure that the system meets assessors' needs. Resources for staff training on the system are also important. Jurisdictions consider

ing CAMA systems should be aware that such systems typically require ongoing maintenance and enhancements to keep the systems technologically current and to accommodate jurisdictions' evolving needs for data.

For more information contact:

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Plymouth City Assessor
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City of St. Cloud

To resolve property owners' questions, the city assessor's office in St. Cloud follows a process designed to handle large numbers of questions professionally and fairly. The process includes carefully worded property valuation notices, early mailing of valuation notices, and office procedures for handling property owners' calls. St. Cloud is a city with a population of about 58,000 and is located where the boundaries of Benton, Sherburne, and Stearns counties meet. St. Cloud's city assessor has the powers and duties of a county assessor.

In addition to information about the local board of review, property valuation notices contain instructions for St. Cloud property owners with questions about their assessment. The notice suggests that owners call the assessor's office with their questions and requests in bold print that they schedule an appointment if they wish to appear before the board of review.

The assessor's office mails property valuation notices approximately six weeks prior to the board of review meeting. This time span allows appraisers sufficient time to resolve inquiries that property owners typically make. Because of St. Cloud's unique location among three counties, the assessor mails valuation notices in shifts; taxpayers in Sherburne and Benton counties receive notices one week and taxpayers in Stearns County receive them about a week later. By staging the mailings, the office helps spread the volume of calls over several weeks instead of concentrating them all at once.

When property owners call the assessor's office regarding their assessment, they speak with either a residential or commercial appraiser as appropriate. Appraisers discuss with owners what information they have on the property, how its value has changed over time, and how selling prices of similar properties influence the estimated values. Appraisers have access to a computerized master property system that includes properties' listing data, legal descriptions, and sales data aggregated by neighborhoods, property age, number of bedrooms, and other characteristics such as location next to particular land uses. Callers can learn about similar properties that sold and their prices.

In most cases, when property owners discover that values increased on all properties similarly classified and an appraiser did not single them out for an increase, they do not pursue the matter further. However, if the caller is not satisfied, the appraiser offers to visit and inspect the property as well as schedule an appointment for the caller to speak to the board of review. The office follows a standard policy requiring appraisers to visit the property before changing its value, once valuation notices are mailed. Owners who refuse an inspection are told that the board will consider this when making its decision. In some cases, the appraiser and owner agree to a change in the valuation following the inspection. For others, appraisers prepare for use by the board of review a brief appraisal report on each property they visit.

Callers interested in speaking with the board of review receive a follow-up letter from the assessor's office. The letter explains the purpose of the board of review, its meeting time and place, qualifications of its members, and the need for an appointment. It goes on to describe the process that the board follows and suggests that property owners would benefit from preparing for the meeting evidence such as an appraisal, a market analysis, or sales of comparable properties. The letter offers the office's assistance to owners who are preparing such data.

Following these procedures, appraisers resolve the bulk of the inquiries they receive from property owners prior to the board of review meeting. Compared to the approximately 300 calls coming in to

the office, about 15 owners usually appear before the board of review. Taxpayers are served well because they receive equal treatment and because most of their questions are resolved early, allowing them to avoid attending the review board meeting. This allows the board to focus its time on issues the city assessor’s office could not resolve. The process requires advance planning to mail valuation notices in a timely fashion and to accommodate large numbers of callers. Jurisdictions that do not control the printing and mailing of property valuation notices may have difficulty following this process.

For more information contact:

Stephen C. Behrenbrinker
 St. Cloud City Assessor
 (612)255-7203

COMMUNICATE UNDERSTANDABLE APPEALS AND ASSESSMENT INFORMATION

Communicating Information Regarding Local Board of Review

City of Breckenridge

To help the board of review process run as smoothly as possible, Breckenridge, a city of 3,700 near the North Dakota border in Wilkin County, follows an aggressive policy of open communication with its residents. By stressing education and information to residents over the past three years, the mayor and city council revamped what had been at times a somewhat acrimonious process.

After citizens receive their valuation notices from the Wilkin County Assessor’s Office, which provides assessment services for Breckenridge, the city begins an information campaign. The purpose of the effort is to educate citizens about the property valuation process and what went into determining values. The city advertises through the local newspaper and public-service announcements on cable

television that residents with valuation questions can call the Breckenridge clerk-treasurer or the mayor, both of whom have had relevant property valuation experience. Breckenridge officials provide the logistical information on the board of review meeting via cable television and posted notices. In addition, the mayor uses a live radio broadcast to describe the board of review process to residents and address questions on the valuation process. As property owners call the city with their questions, city officials take care to explain the appeals process and inform residents what steps they can take to appeal.

From residents’ telephone calls, city officials have an idea of who might appear at the local board meeting. Some board members prepare in advance of the board meeting by reviewing field cards, pictures, and other background information on properties whose owners are likely to appear, based on unresolved questions from earlier phone calls. Some board members also visit the properties.

In years when newly elected council members face the board of review process for the first time, the city holds a meeting prior to the board of review meeting to acquaint the new members with board procedures. At that time, new council members learn about the responsibilities of the board, the format of the meeting and how they can prepare for it, and the role of the assessor. Before they are sworn in as city council members, the newly elected members also receive a briefing about the board of review during an orientation session that covers all major aspects of city business.

At the board of review meeting itself, the mayor, acting as chair, tries to generate an informal atmosphere, giving property owners sufficient time to present information so that they are comfortable in voicing their disagreements and know their issues are being heard. To reduce the emotions that can sometimes fog rational thinking, the board follows the strategy of dealing strictly with facts. This diffuses the adversarial nature of the meeting and also sets a precedent that can help prevent others from contesting property values by appealing to people’s emotions. The board also tries to keep the proceedings simple. For those people whose values the

board does not change, board members take the time to explain how and when they may meet with the county board of equalization if they wish.

Most of the strategies that Breckenridge officials follow are what they believe to be common-sense responses to managing what could otherwise be difficult situations. Their emphasis on education, information, and open communication prior to and during the board meeting enables them to more easily resolve property owners' questions. None of the property owners has gone on to the county board of equalization in the three years that the board has followed these practices.

Breckenridge's example illustrates the need to identify contact persons and let citizens know how to reach these contacts with their valuation questions. While these common-sense strategies could be applied elsewhere, the relatively small size of the city is part of what allows the mayor and city clerk to play such active roles in answering owners' questions. It also contributes to the informal atmosphere at the board of review meeting. Larger cities, where city officials are not on a first-name basis with as many residents, may find some of these strategies more difficult to duplicate. Further, in jurisdictions where the mayor does not have the appropriate background or time to field property valuation questions, another contact person may be needed.

For more information contact:

Kal Michels
Mayor, Breckenridge
(218)643-1431

Communicating Assessment Information

City of Bemidji

The assessor's office in Bemidji, a city of 11,200 residents located in Beltrami County, has provided a brief presentation on property assessment and tax levies since 1993 as an introduction to the board of review meeting. In the presentation, directed to

board members and property owners, the city assessor strives to provide simple information on the relationship between market values, levies, and property taxes. Both board members and property owners have offered positive feedback on the presentation.

The assessor's office builds its presentation around a hypothetical "three-house town" to explain how assessments and levies affect property taxes. This fictitious town consists of three houses valued at \$30,000 (house A), \$40,000 (house B), and \$70,000 (house C), and requires \$2,000 for annual public expenditures. The assessor describes how dividing the expenditure level (levy) by the cumulative properties' values produces a tax rate, known as the tax capacity rate. Applying the tax capacity rate against each property's value determines the amount of taxes due to generate a total \$2,000 in tax revenues.

To illustrate how an incorrect assessment affects taxes, the assessor demonstrates what happens to the tax burden of each house if house C is incorrectly valued at \$50,000 instead of \$70,000. Dividing a lower tax base into the same \$2,000 spending level results in a higher tax capacity rate, which is applied to each property's estimated market value. To raise the \$2,000 levy, the town will collect more taxes from houses A and B, whose values have not changed, and fewer taxes from house C, whose value was assessed incorrectly. Simply put, houses A and B will pay part of house C's fair share.

By walking board members and property owners through this simplified relationship between market value and property tax, the assessor is able to explain the distribution of property owners' shares of property taxes. Although the presentation does not differentiate among property classifications and class rates, it is still useful. The presentation illustrates that when a levy remains unchanged, lowering or raising property assessments benefits some property owners while penalizing others.

The assessor's objective is educating board members and the public. Generally, the stronger the base of board members' assessment knowledge, the more informed their decisions on assessment ap

peals. Likewise, the presentation adds to property owners' understanding of the property tax system and illustrates the assessor's role in that system. In addition, the presentation helps to show the importance of a correct assessment in determining owners' fair shares of property taxes.

Since most elected officials are not professional appraisers, explaining such concepts as market values, levies, and property taxes would provide useful information in jurisdictions where board members have little formal assessment experience. Both taxpayers and board members could benefit from this type of illustration, with each gaining a better understanding of the relationship between property assessments and tax burdens.

For more information contact:

Bill Snebold
 Bemidji City Assessor
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Dakota County

In Dakota County, a metropolitan county with 320,000 residents, the county assessor's office uses a variety of methods to communicate information to property owners and to gather information from them. As means of aiding customer relations, the office sends advance notices to owners whose property is subject to inspection, distributes a brochure explaining the assessment process, provides cellular telephones to appraisers in the field, and actively solicits comments from county property owners regarding assessors' service.

Advance Notification

In 1995, the county assessor's office began sending revaluation announcements to the homeowners whose houses were to be inspected that year. Although the office had in the past published notices in newspapers to alert residents to the assessors' visits, the staff found these an unreliable source of information in a county the size of Dakota. Many people did not read the notices and others forgot the information by the time assessors reached their part of the neighborhood.

To achieve a more personalized message that actually reached the intended audiences, the assessor's office instituted a process of mailing revaluation announcements 5 to 15 days prior to the assessors' revaluation of the neighborhood. All homeowners in the area of the revaluation receive the announcement which (1) describes the purpose and importance of the inspection and (2) explains that an appraiser with proper identification will be stopping and requesting a 10-minute interior inspection. The notice also requests homeowners to schedule an appointment for an inspection if they know they will not be home.

To match homes in the neighborhoods with announcement mailings, the assessor's office prints field cards and announcements at the same time. Due to computerization, printing announcements is as easy as printing field cards and uses some of the same data. Senior appraisers are responsible for mailing the appropriate cards and keeping appraisal crews on a schedule that allows them to be in the neighborhoods during the times indicated on the announcement.

The assessor's office views the revaluation announcements as good public relations and invites residents to provide feedback on them. On the announcement itself, the county assessor suggests that residents either speak with their appraiser or call the number listed with their comments about the advance notice. According to these comments, residents appreciate knowing when to expect the assessor instead of feeling surprised by the appraiser's arrival. For some residents, the announcements mitigate safety concerns they would otherwise have about the appraiser's appearance at their door.

Appraisers like the advance notice system because they save time at the door explaining the purpose of their visit and owners tend to be more willing to allow the appraisers inside. In addition, appraisers are likely to conduct more interior inspections because the announcement reminds owners about appointments for interior inspections.

Costs involved with the revaluation announcements include data processing, printing, and mailing the

announcements first class. Although an estimate of Dakota County's costs was unavailable, automation considerably reduces the time and costs of the service. For the assessor's office, gains in improved customer relations far outweigh the outlay of time and postage.

Based on a successful first year, the county assessor's office plans to continue mailing the notices in coming years. Jurisdictions considering mailing advance notices have to plan ahead. They need to be aware of the costs involved and ensure that appraisers will be in the neighborhoods on the appropriate days. Jurisdictions also need appropriate computerization to easily print the notices.

Brochure Explaining the Assessment Process

Working with Dakota County's communications director, the assessor's office developed a brochure to help property owners understand their property assessments. (See Appendix J.) The brochure is a one-page, four-fold document written in understandable terms and targeted to people who are unfamiliar with the assessment profession. In the brochure, the assessor uses non-technical language to pose and answer questions such as "What does the county assessor do?," "What is market value?," and "How does the assessor determine market value?." The brochure also describes Dakota County's process for questioning or appealing the estimated market value. It includes phone numbers for owners with more questions and a schematic that lays out the timeline and steps of the appeals process.

Assessment staff use the brochure in several situations. Appraisers carry brochures as they conduct inspections, distributing them to property owners any time they enter a building. The brochure gives owners something to read while appraisers complete their inspections and helps establish the appraisers' credibility with property owners. During the county's open book meetings, staff members hand brochures to property owners as they wait to speak with an appraiser about their assessment questions. The county also distributes the brochures to residents at local board of review meetings and truth-in-taxation meetings in the fall.

To hold costs down, the assessor's office designed the brochure in-house and in ways that allow the office to use the same brochures over several years. The brochure avoids listing specific dates that could vary from year to year. Costs to jurisdictions considering a similar informational brochure include those for designing and printing the written material as well as developing a plan for distribution.

Cellular Telephones

When Dakota County appraisers are in the field conducting inspections, they carry cellular telephones. Homeowners not at home receive door hangers that include the appraiser's business card and telephone number. The phones allow the appraisers to speak directly with residents who call to schedule appointments for inspections. This is a benefit to the homeowner who has a direct communication link with the appraiser instead of talking to office support staff, leaving messages, and waiting for the appraiser to return the call. Often appraisers will receive calls for appointments while they are still in the neighborhood. They find it efficient to arrange inspections while in the vicinity rather than returning to the area another day. In addition, the cellular phones add a measure of security for the appraisers who can immediately summon help in the event of an emergency.

Assessment jurisdictions with large distances to cover or with a high volume of appointments scheduled may find cellular telephones especially helpful. Costs for cellular phones vary from area to area but typically include a one-time fee for the telephone and a monthly service charge for its use.

Customer Surveys

To measure its level of service and respond to customers' concerns, the county assessor's office surveys property owners whose homes appraisers visited. From among parcels each appraiser inspects during a week, the office randomly selects two and mails a survey to the parcels' owners. Designed for the ease of the respondent, the survey instrument is postcard size and easy to return because it contains the assessor's mailing address and postage. The survey asks the property owner to rank

the appraiser on four measures: courtesy, use of proper identification, timeliness, and explanation of the appraisal's purpose. It also asks the owner to verify whether the building's interior received an inspection. Respondents have the option of including their name and have space to write additional comments if they desire.

About 70 percent of homeowners who receive surveys return them. The office created a database to record and track the responses and uses the results to make changes in the assessment process. For instance, due to the responses, in addition to showing their photo identification appraisers now give a business card to the homeowner when they enter the property. This identifies the appraiser, establishes credibility with the owner, and helps allay security concerns.

Besides allowing the assessor's office to measure its performance, the surveys let residents know that the office cares about citizens' comments, thereby enhancing customer relations. The office intended the surveys as a way to actively monitor and respond to customer concerns. When the assessor's office began using the surveys three years ago, appraisers were skeptical, thinking the information would be used against them. As it turned out, their skepticism was largely unfounded as respondents tended to rate the appraisers' performance very highly — overall customer satisfaction measured 4.6 out of a possible score of 5 points.

Ongoing costs involved with conducting and analyzing the surveys include printing and mailing expenditures and time resources to record and study the results. Although a cost estimate is unavailable, the assessor's office considers the expenditures minimal and the benefits significant as a management tool and for customer relations.

Other counties interested in measuring customer satisfaction may find it difficult to follow this process if they have many local assessors. To gauge their own performance, these counties would have to focus their survey effort on only those areas over which they hold direct appraisal responsibility. Smaller jurisdictions interested in measuring customer satisfaction would have to customize a sur-

vey process to meet their needs. They have to determine what questions the survey would ask, how many owners to survey, how to distribute the survey and use its results, as well as who would be responsible for survey design, distribution, and analysis.

For more information contact:

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Dakota County Assessor
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City of Hibbing

Over the past four years, Hibbing's assessor's office implemented an information campaign to improve communication with city residents. Hibbing is a city of 18,000 people located in St. Louis County. The communication efforts were part of strategies developed by the assessor's office to first, improve valuation equalization by reviewing properties and updating property records, and second, be viewed by its public as a service-oriented organization.

When the assessor's office began a major reappraisal in 1992, it had to overcome public perceptions built in earlier years when previous assessors had not conducted thorough field work. To alert residents about the plan to update property records and the need to inspect the interior of the properties, the assessor's office initiated a public relations effort. The city assessor published notices in the city's local newspaper two to three times during a year. The notices informed residents about what neighborhoods assessors would next visit to conduct their appraisals. The assessor's office timed the notices to coincide with the progression of its field work as assessors moved from area to area within the city. In addition to the notices, the city assessor wrote an article describing the assessment plans and goals for that year which the newspaper printed as a public service.

Efforts to enhance communication continued in the field. Once in the neighborhoods, assessors made several attempts to view the interior of the properties, in addition to appraising the exterior. If the owner was not available, assessors left cards on the

property requesting the owner to call for an appointment or provide information over the telephone.

Lacking information on the structure's interior, assessors assumed an average or better than average interior, depending upon the building's exterior condition.

Often times the assessors gained information about a building's interior after owners called with questions on the assessment. Part of the office's strategy as a service-oriented agency was to devote the time needed to explain the assessment process to property owners who called. Assessors found that taking the time to do this often meant listening to property owners complain about taxes and local services rather than property values; nonetheless, they strove to offer friendly and accurate service. After explaining how they arrived at their value estimates, assessors offered to visit at the owner's convenience to review the property. To accommodate property owners' schedules, assessors often worked after normal office hours. Many property owners came to accept the interior inspection as they realized that assessors would not modify the assessment without one.

Reaction to the information campaign was generally positive from both residents and the city council. Homeowners especially appreciated knowing when to expect the assessors' arrival. Property owners began to expect the assessors and the assessment staff noticed a greater acceptance and cooperation on the part of property owners. The city council was satisfied because property owners had a better understanding of the assessment process and an awareness of the assessors' efforts to achieve objective estimates of market values.

Although the communication strategies required some overtime on the part of assessors and the expense of placing the newspaper notices, the extra time and expense paid off in improved public relations. Assessors completed their appraisals with greater acceptance from property owners and experienced improved success with interior inspections. In the years since the beginning of the communication campaign, fewer property owners have appeared before the local board of review than in previous years. The city assessor attributes this at

least in part to the office's goals of improved equalization and customer service. Nothing about the approach in Hibbing would prevent other jurisdictions from implementing similar communication strategies. Much larger assessment jurisdictions might have to consider additional ways to provide advance notice of assessors' visits if a local newspaper is not available or widely read. In addition, staff have to receive the training necessary to orient themselves with the importance and practices of customer service.

For more information contact:

Louise Thureen
Hibbing City Assessor
(218)262-3486

City of Hibbing

In the city of Hibbing, located in St. Louis County with 18,000 residents, the assessor's office produces a property sales book as a means of providing real estate information to residents, real estate agents, and others interested in property values. The property sales book lists information on all sales of property in the city and contains pertinent building and lot information for these sales.

In the sales book the assessor's office records for each sale: the type of property; its selling price; information on the structure, such as its age, number of stories, square footage, and condition; and relevant financing information. The sales book includes a photograph of each structure. Assessors organize the book by sales price for the convenience of the public and organize a different version by parcel number for use within the office. The sales book provides a comprehensive record of property sales from the past two years.

In producing the sales book, the city assessor capitalizes on the time spent monitoring all certificates of real estate value from property sales in the city. To supplement information on the certificates, the city assessor sends a letter and one-page questionnaire to property buyers immediately following the sale. The letter is brief but explains why the assessor is seeking the additional information on the sale

and how it will be used. The questionnaire has the owner verify the sales date, financing terms, whether personal property was involved, whether and why the buyer believes the price represented fair market value, whether the buyer was under undue pressure to buy the property, any relationship between the seller and buyer, and information on the structure and its condition. Along with the letter and questionnaire the office sends an addressed return envelope to encourage recipients to respond. If the buyer does not respond after 30 days, the office sends a follow-up letter. Assessors will also contact the seller if they cannot attain information from the buyer. This process produces a high return rate, with about an 80 percent response rate from home buyers and 45 to 50 percent from commercial property owners.

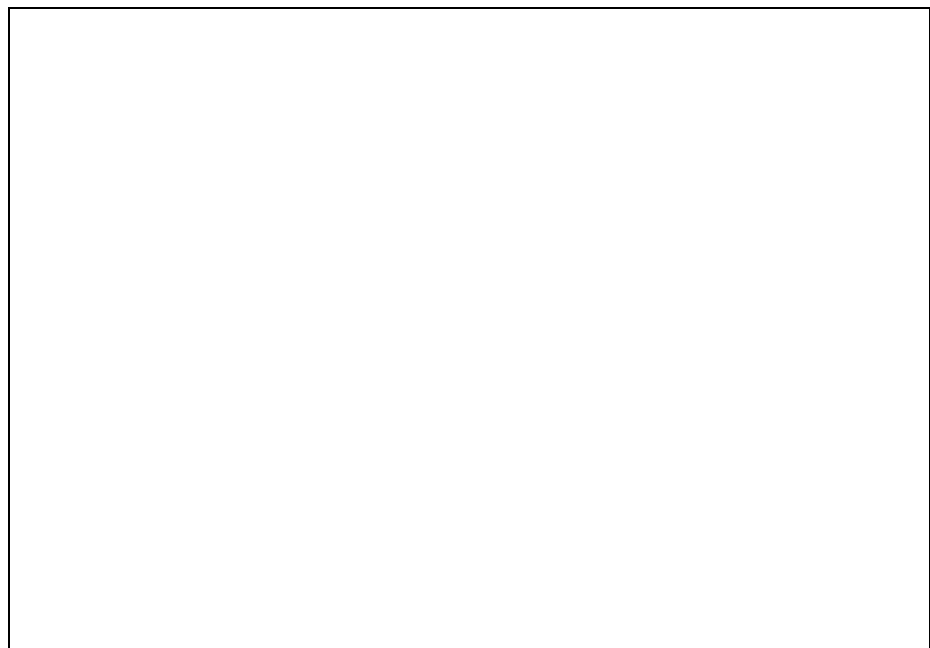
When the questionnaire comes back to the assessor's office, the city assessor makes a decision about whether the property transaction constituted a valid sale for use in the assessment-sales ratio analysis. On certain occasions assessors will call the buyer if they need additional information to clarify their understanding of the transaction.

Many different users rely on the property sales book. Assessors keep a copy for public use available at the front desk of the office. Real estate agents frequently use the sales book for information on recent sales and market trends. Potential home buyers read the sales book to see what types of residences are available at certain prices and help them decide what they may be able to purchase. When property owners disagree with their assessed valuation they can see in the sales book how selling prices have influenced the assessor's estimate of value. Users may make copies of relevant pages for a nominal charge.

The assessor's office itself uses the property sales book

for multiple purposes. The sales book gives the city assessor information needed to make a rational, defensible judgment about whether a property sale was in fact an arm's length transaction. Sales data go into spreadsheets for the assessor's sales-assessment ratio analysis to evaluate the level and uniformity of the assessment. Because the sales book contains sales from over a two-year period, assessors receive a broad, comprehensive view of market trends in their city and a better understanding of what structural features are driving the market. Assessors use the sales book as a reference tool, to provide a second check on their estimates of value or, in some cases, to modify their estimates. Assessors also refer to the book when explaining to a disgruntled property owner how market prices affect the value estimates of other property in the city. They can show pictures of similar properties and lists of selling prices to the owner.

Producing the book is time intensive because it involves reviewing every sale, although the city assessor notes that this work would be needed even without producing the book. Other costs include those for film and development to provide pictures of each of the properties. However, the city assessor considers the time and money investments that generate many benefits. The effort spent analyzing



Hibbing's property sales book

sales makes assessors aware of every sale, as they believe they should be, to fully understand the market. Assessors improve their assessments by using data from property sales to measure the assessment-sales ratio, price-related differential, and coefficient of dispersion. The office spends far less time than before on providing information to real estate agents and others who now go to the sales book for the information they seek. Clerical staff spend less time pulling specific field cards for information on properties that users can find easily in the sales book.

Assessors from other cities who do not produce sales books similar to this may be able to enjoy the benefits without a major infusion of additional time. Assessor offices generally have staff examining property sales to verify whether sales are valid for their assessment-sales ratio study. Although taking the next step to produce the sales book requires time, over the course of a year the book may help assessors save time as well as add to their level of customer service.

For more information contact:

Louise Thureen
Hibbing City Assessor
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City of Hugo and Other Municipalities

The local assessor who contracts for assessment services with Hugo, a city of 5,200 residents in Washington County, effectively resolves taxpayers' questions and achieves productive field appraisals by emphasizing public relations, listening, and communication skills. The assessor's approach for dealing with taxpayers' questions minimizes friction and enables him to resolve many questions over the telephone. The procedures he follows while in the field increase property owners' trust and allow him to appraise the interiors of many properties he visits. His successful property inspections, together with his sales studies and analyses of other parcels, give him confidence that field card data are complete and accurate for estimating market values.

Although Hugo's local assessor also contracts with four other cities and townships, his methods for communicating with property owners are the same in each jurisdiction. Through experience he has found that he can put property owners at ease with how he says things and the order in which he says them. While his manner is casual and polite, the assessor conveys a sense of purpose to indicate he has a job to finish. His approach helps foster a willingness to cooperate among many taxpayers.

When answering property owners' telephone calls, the assessor's objective is resolving taxpayers' problems whenever possible; he does not want to increase their frustration by "passing the buck" to someone else. With all calls the assessor spends time listening to the callers' complaints and trying to understand the situation from their perspective. He avoids an argumentative manner because that tends to further incite callers who are already upset.

Although most inquiries are about the level of property taxes and not about the property's value, the assessor treats all callers alike. For inquiries that focus on valuation, the assessor discusses how the estimated market value is generated. Because the assessor works in small communities and is well acquainted with those jurisdictions' parcels, he is able to visualize most of the properties after hearing their addresses. Letting the property owner know that he is familiar with the property typically increases the caller's comfort. The assessor also uses field cards he flagged of properties that sold in each neighborhood to promptly relay information about typical selling prices of homes in areas familiar to the callers.

If property owners concerned about their assessments are not satisfied following their telephone discussion, the assessor lays out all available options. He offers to visit properties for an inspection. He suggests that a private appraisal of the property may be advantageous to the owner, and offers to discuss the matter again if the fee appraisal is significantly different from the estimated market value. In addition, the assessor gives callers information about their local board of review and explains that the board has the power to change estimated market values.

When making property inspections in a neighborhood, the assessor always wears picture identification displayed prominently so property owners can verify that he is there on appraisal business. After a greeting, the assessor's first step is introducing and identifying himself as the city assessor. He wants the owner to immediately understand that he is there to inspect properties, unlike others who may arrive to solicit business or contributions.

His second step is to verify that the individual who opened the door is actually the property owner. He displays the property's field card with the owners' names to show how he knows their names and asks whether the person is the owner. The assessor has discovered that reversing the order of these first two steps can create problems. Property owners tend to become defensive when a visitor at their door asks their names before the visitor identifies himself. If the person at the door is not the owner, the assessor will not inspect the property. Instead, he leaves a card and asks the person to have the owner call.

Having verified he is speaking with the owner, the assessor explains the purpose of his visit and requests 5 to 10 minutes to inspect the home's interior if the visit is part of the year's reappraisals or to view the improvement if the visit is due to a building permit. Once again, the assessor's manner is important. If he senses that the owner is uncomfortable, for example if a woman would rather not have the assessor enter the building while her husband is away, the assessor indicates he will come back at a better time and suggests that he conduct only an exterior building inspection at that time. Being sensitive to people's concerns for safety allows the assessor to build rapport with the homeowners he visits.

The assessor enjoys success with his approaches which cost him nothing extra in money or time. Although assessors in larger jurisdictions may visit too many properties to recall each parcel they visit, the field inspection routines and emphasis on public relations are applicable in large jurisdictions and rural parts of the state as well.

For more information contact:

Frank Langer
Hugo City Assessor
(612)433-3059

Nicollet County

The Nicollet County Assessor's Office takes several steps to promote communications with property owners. With revaluation pamphlets, advance notices of property visits, confirmation letters for board of review appointments, homestead notices, and picture boards, the office provides useful information and maintains good public relations. In Nicollet County, located in south central Minnesota with 29,000 residents, the county assessor's office has been responsible for assessing the value of all parcels in the county since 1973.

In 1994 the assessor's office developed a single-page revaluation pamphlet using clear, non-technical language to provide assessment information to the public. The intent of the pamphlet is to improve property owners' understanding of the assessment process and how it affects them. In the pamphlet, property owners find answers to such commonly asked questions as "What is a revaluation?," "Is it necessary that you view the inside of my property?," and "What will happen to my assessment if I improve my property?" The pamphlet also provides information on steps property owners may take if they disagree with their assessment.

Nicollet County assessment staff use the pamphlets in several ways. Appraisers staple the pamphlet to door hangers left at properties when owners are unavailable. They also hand the pamphlet to owners after inspecting a property, giving owners something tangible to refer to if they have questions later. Besides informing the public about the assessment process, the pamphlet helps the assessor's office persuade property owners that interior inspections are in their best interest. The pamphlet explains that interior inspections ensure accurate assessments and appraisers who do not see a building's interior presume it is in the best condition and base their estimates accordingly.

The assessor's office kept the costs of the pamphlet low by designing it in-house. Direct costs include a one-time allocation of time to develop the pamphlet and about \$250 to print and fold multiple copies that will last several years. Appraisers like the pamphlet because, combined with the door hanger messages, the information makes the revaluation process more understandable, and therefore easier, for property owners. Owners also seem more courteous and willing to cooperate with appraisers. The office anticipates that the information will save time over the long run because informed residents may have less need to ask about items the pamphlet covers.

The assessor's office tries to alert property owners to upcoming appraiser visits. Because preferences differ around the county, the office does not use the same strategy countywide. For instance, the assessor's office includes a notice about appraisers beginning their inspections in some communities' water bills sent during the year's spring quarter. The notice also suggests that homeowners may schedule an inspection at a time convenient to them.

On properties visited but not completely inspected, appraisers leave a door hanger message and follow up with a second visit if necessary. Property owners who do not respond within a week or two receive a personalized letter requesting an appointment and reiterating the importance of the inspection for an accurate appraisal. Advance notice and persistence allow county staff to conduct interior inspections on most properties they visit. Because the assessor's office produces the notices and letters in-house, printing costs are negligible. The assessor believes that the benefit of the property information — improving the accuracy of the assessment — outweighs the costs of the time appraisers spend to collect it.

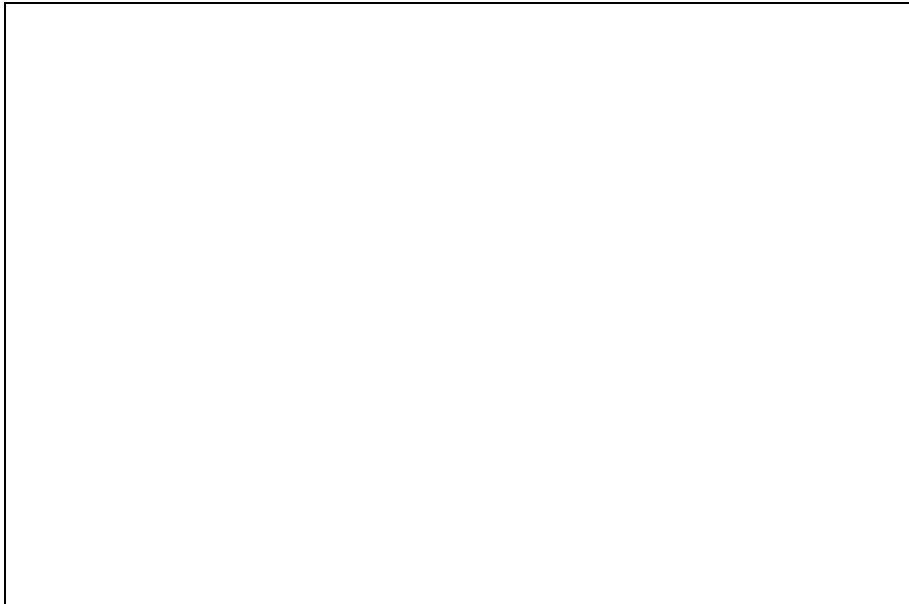
Once the office mails property valuation notices, assessment staff turn their attention to answering taxpayers' questions. Staff are prepared to answer questions both on property assessments and the broader property tax system, a more frequent subject of callers' inquiries. When a question pertains to an assessment issue, appraisers review the property field card with the caller and consult a sales

book prepared by the office to find sales prices of comparable properties based on age, size, value, story height, and other features of the building.

For owners still dissatisfied with their assessment, appraisers describe the board of review process and, in the larger cities, request that owners make an appointment to appear before the board. The office requests appointments for board of review appearances in larger cities because of the potential for large numbers of appellants. Appointments allow county staff to prepare information on owners' complaints and provide appropriate sales data to help boards of review make informed decisions. In 1996 the office will for the first time send a confirmation letter to those requesting an appointment as a way of informing owners about the appeals process. In the letter the assessor will describe what the board meeting entails, what is expected of the property owner, and relevant information, such as an independent appraisal, that the owner should bring.

The assessor's office mails to property owners a brightly colored half-page notice on homestead status when it sends property valuation notices. The notice succinctly describes the importance of verifying homestead status and notifying the office of homestead changes. Since inserting the notice, the assessor's office has seen a noticeable increase in the number of callers regarding homesteads, although it does not track a precise count of all calls. The assessor believes that the homestead notice helps limit the number of appeals regarding homesteads and applications for homestead tax abatements.

In addition, the office sends a homestead application to buyers every time residential property changes ownership. Soon after receiving the certificate of real estate value confirming a transaction, the office mails a homestead application to the new owner. Appraisers also hand out applications when they inspect new construction. Property owners who do not respond to these applications receive a second one in the mail. Although statutes place the onus on the taxpayer for declaring homestead status, the assessor's office takes these precautionary steps to prevent future problems for both the taxpayer and the county. The time and cost to the



A Nicollet County picture board

The assessor’s office views these various communication efforts as low-cost, valuable contributions to good public relations and a smooth assessment process. Assessment staff developed many of the practices by looking at the need for information from the taxpayers’ perspective. Other jurisdictions could adopt similar measures without incurring significant costs, although counties with many property transactions may not have the capacity to send homestead applications after every residential sale. Counties in which the county assessor’s office is not responsible for directly view-

office are small compared to what could be involved if property owners fail to declare homestead status. These owners are subject to far higher property taxes than if their property were classified homestead. Being pro-active with homestead applications helps prevent redressing the problem through tax abatements, a process that can prove lengthy and administratively burdensome.

At the board of review meetings, appraisers post picture boards of sample properties from the jurisdiction and their selling prices. The picture boards give property owners an opportunity to see photographs of common homes in the area and learn the amounts for which they sold. This helps owners understand the market forces that influence the assessor’s estimate of value for their property. To make the picture boards useful to the public, appraisers only use examples of properties typical in the jurisdiction and sales involving arm’s length transactions. Constructing the picture boards costs little because appraisers use photographs already on hand from updating field cards and sales data that the office gathered for other purposes. Owners rely on the picture boards at the meetings because they provide a visual illustration of property values that is easy to grasp.

ing and inspecting parcels would have to plan different methods to distribute revaluation pamphlets or other educational material. Assessors’ offices in jurisdictions with a great number of parcels may not be able to pursue interior inspections as aggressively as Nicollet County does.

For more information contact:

Doreen Pehrson
 Nicollet County Assessor
 (507)931-6800

Providing Advance Notification About Property Inspections

Duluth

In recent years, appraisers from the city assessor’s office in Duluth have mailed letters to homeowners whose homes were to be reappraised, notifying them in advance of the appraisers’ visits. The office has received favorable feedback from both residents and appraisers regarding the advance notification. Duluth is located in St. Louis County and has about 86,000 residents.

The assessor's office began sending the notification letters in 1992 as a means of improving public relations and customer satisfaction. The letter (1) makes residents aware that their neighborhoods are undergoing a reappraisal and that they can expect an appraiser's visit; (2) describes the importance of both exterior and interior inspections for consistent and accurate appraisals; (3) advises homeowners that appraisers will be wearing appropriate identification; and (4) alerts residents that they will receive a door hanger message from the appraiser if they are not home. In the notification letter last year, the office also suggested that owners pre-schedule an appointment with an appraiser at the homeowners' convenience.

Appraisers sign and send the letters to homeowners about two weeks prior to visiting the neighborhood. They stagger mailings to allow appraisers sufficient time to complete the reappraisal of each area before moving on to the next. Residents that call to schedule an appointment can do so with the receptionist to minimize the number of return calls between appraisers and homeowners. Each appraiser keeps a central calendar for the receptionist to schedule appointments.

With the help of advance notices, appraisers are able to inspect the interiors of the majority of homes in the reappraisal areas. Appraisers like the system because homeowners tend to be more receptive to their inspections. Residents have taken advantage of the opportunity to schedule inspections and appraisers work flexible hours to accommodate people's work days. With some inspections scheduled in advance, appraisers are able to plan ahead and cover an area more efficiently than they were in the past when the only scheduled appointments were in response to the door hanger messages.

The letters benefit residents as well as appraisers. Residents appreciate knowing when the appraisers are working in their neighborhood and will be stopping at their house. As a matter of safety, the notice offers homeowners' reassurance that the appraisers' visits are legitimate. The chance to schedule appointments for interior inspections offers an added convenience for homeowners who are not typically at home during the day.

Duluth appraisers send the notification letters first-class mail. Postage for the letters to homes in the quartile being reappraised, amounting to about \$2,500 a year, is the largest ongoing cost involved with mailing the notices. To keep paper costs low, the office makes multiple copies of a single letter instead of using letterhead. During the first year of the advance notification, the office spent time to develop the content of the letter, but appraisers have been able to use the same basic letter each year, with minor modifications as appropriate. The assessor's office believes the costs of the notification letters are minimal compared to their benefits.

Because of the advantages the assessor's office achieved by mailing advance notices in reappraisal areas, the office would like to begin using the same process prior to visiting new residential construction. Duluth's success with providing advance notification inexpensively suggests that even jurisdictions on a tight budget may be able to adopt a similar measure without incurring major expense.

For more information contact:

M. Lynn Duncan
Duluth City Assessor
(218)723-3287

City of Minnetonka

In the summer of 1992, the assessor's office in Minnetonka, a city with 49,300 residents located in Hennepin County, began mailing notices to homeowners in the quartile of properties designated for a reassessment. The letter notifies property owners of assessors' upcoming visits and provides a general explanation of the revaluation. This gives property owners a better understanding of the logic behind the inspections, which in turn makes the process easier for both property owners and assessors.

The assessor's office mails advance notices the beginning of May and assessors begin their visits two weeks later. The notice explains the Minnesota law requiring assessors to view properties at least once every four years, how the inspection helps improve the fairness of the property assessment, the typical

length of time an inspection takes, and the visible photo identification assessors carry. The notice also mentions the hours of assessors' availability for inspections and provides a phone number for property owners to schedule an appointment for an interior inspection or receive more information regarding the assessment process.

The assessor's office has found that the notices ease property owners' apprehension about the interior inspection. They prepare homeowners for the upcoming visit and reduce property owners' hostility toward what some view as an intrusion. If the property owner is not at home when the assessor stops by, the assessor leaves a blue door hanger asking the property owner to phone the assessing division within five days to schedule an interior review. If the property owner does not call, the office mails out a second letter of notice. Although the response varies with each neighborhood, approximately 20 to 25 percent of property owners schedule appointments with the assessor's office after receiving the reassessment notice.

The mailed notices cost the assessor's office the price of printing, envelopes, and postage. The assessor's office views this cost as minor, considering the good public relations generated and the time saved assessors trying to explain interior inspections to property owners and schedule appointments. Although jurisdictions would have to modify the letter to their particular situations, the Minnetonka assessor has found that the less automatic the letter sounds, the better it is received by property owners.

In keeping with its efforts to enhance relations with Minnetonka citizens, the assessor's office has pursued other public information efforts. Each February, the assessor's office publishes an article on property taxes, assessments, and appeals in Minnetonka's monthly newsletter, which the city mails to each resident. The article discusses issues related to (1) property taxes, including property tax levies, tax base changes, and city fiscal management; and (2) market values, including how market value is determined, how to contact the assessor's office with questions, and how to formally appeal a property assessment. The two-page article includes a timeline

that walks citizens through the process of setting and contesting market values, developing public budgets, mailing truth and taxation notices, and paying taxes. The article also has a flowchart depicting the options for appealing property assessments.

The assessor's office also sends an informational brochure on the market value appeal process to owners with questions. The pamphlet poses typical property owner questions, such as "What is market value?" and "How does the appeal process work?," and provides clear, understandable answers to these questions.

The costs for publishing the property tax article and printing the informational brochure are minimal. The editor of the Minnetonka Memo reserves space each February for the assessor's article, with the only direct cost to the assessor's office being the time devoted to updating the article — approximately eight hours. The assessor's office absorbs the cost of the informational brochure by printing it on the office's copier. Although the precise benefits of such public communications are difficult to measure, Minnetonka's assessor has received positive feedback from both property owners and council members.

For more information contact:

Richard Toy
Minnetonka City Assessor
(612)939-8226

MAINTAIN ADEQUATE PERSONNEL AND EQUIPMENT

Achieving a High Rate of Interior Inspections

City of Coon Rapids

In Coon Rapids, an Anoka County city with nearly 62,000 residents, the city assessor's office has developed procedures that allow the appraisal staff of two full-time and one seasonal appraiser to inspect



Inspecting a property's interior

approximately 4,900 residential parcels each year. Only a very small fraction of the city's residences are not inspected due to refusal by the property owner. Assessors use a process of property visits followed by a series of communications with increasingly stronger messages to achieve a high rate of interior inspections.

Over the last two decades, the assessor's office has built a successful four-step process that enables assessors to inspect the interiors of most homes in the area being reappraised. The office begins by mailing a personalized letter from the city assessor to each property owner in the quartile of properties to be visited. The mailing is timed to arrive three to five days before the appraiser begins inspections in the neighborhood.

In the letter, the city assessor describes the law requiring assessors to physically review property at least every four years, explains what the property inspection involves and the time required, and names the appraiser who will be working in the property owner's area. In addition, the letter asks owners who will not be home to call for an appointment and states that an appraiser is available one evening each week to accommodate those who cannot be at

home during regular working hours. With this advance letter, the assessors typically gain access to about 50 percent of the homes the first time through an area.

Appraisers take a second step if they do not enter the home on the first visit. The second step is when appraisers leave a pink door hanger with information about the quartile visits, a telephone number, and a request that the owner call to schedule an appointment for a property inspection.

If appraisers have not heard from the property owners a few days after the first door hanger is left on the property, they take step three. This involves a second visit to the property. If no one is home, the appraiser leaves a second door hanger highlighted with

this note: "When no response is received, an appraisal without interior inspection is processed. This may increase your market value substantially. To avoid this, call for an appointment as soon as possible." Property owners have another week to respond.

For those properties that remain uninspected after this action, appraisers take a fourth step. This involves calculating a value for the property based on depreciation but usually in excess of the parcel's normal value. The appraiser sends a second letter, more strongly worded than the first letter and the door hangers, informing the owner of the increased estimated market value and the taxes the owner can expect to pay given the new value. The letter also poses a 10-day deadline by which the owner must call and schedule an appointment or the assessor forwards the value estimate to the Anoka County assessor.

By the end of the fourth stage, the assessment office has heard from the great majority of homeowners. In 1995, for instance, Coon Rapids appraisers made interior inspections in all but 46 homes — missing only about one percent of all parcels inspected that year. The few homeowners who have not contacted

the office by this point receive a final letter simply informing them of the change in value.

The largest benefit of the high rate of interior inspections comes with the high degree of uniformity of the assessment and equalization of property values. As measured by the coefficient of dispersion, the uniformity of the Coon Rapids assessment is considered excellent. Through interior inspections the assessor's office knows, for instance, when homeowners finish basements and how much value that adds to the property. This level of information contributes to attaining fair and equitable assessments throughout the city. Although printing, postage, and the time involved with the inspections generate costs, the city assessor believes that the outcomes justify the expenditures.

Low ratios of assessment staff to parcels could constrain assessors' offices in other communities from adopting similar methods. Coon Rapids assessor's office is able to conduct these inspections, as well as those of new construction and building improvements, because of advances in computerization and by supplementing the full-time experienced staff with part-time help in the spring through fall seasons. As more parcels are added, however, the office is finding it increasingly difficult to maintain these levels of inspection.

For more information contact:

Gaylord Aldinger
Coon Rapids City Assessor
(612)767-6445

Using Computer-Assisted Mass Appraisal (Agricultural Land Based Only)

Big Stone County

Big Stone County, an agricultural county with a population of 6,000 on Minnesota's western border, began using computer-assisted mass appraisal of agricultural land for the 1995 assessment. The assessor's office contracts for a computer-assisted appraisal system that improves data accuracy, generates sales ratio data for the county, enhances equalization, and saves time for the assessor's office.

Using information on the type of agricultural land — whether it is tillable, pasture, or waste land — the computerized appraisal system generates a dollar value per acre for each land type. Properties with building sites have different values according to the type of improvements; for instance, a site serviced by a paved road has a different value than a similar site with a gravel road.

Big Stone County's assessor's office paid a one-time fee to purchase computer-assisted appraisal software for agricultural land. Big Stone County belongs to the Mid State Computer Cooperative along with about 20 other counties, most of which are located in west-central Minnesota. A contract for ongoing support of this system, along with other county departments' computer needs, provides extensive programming and support services that the assessor's office considers critical to effective use of the computer system. Besides offering technical expertise, on-site training, and answers to users' problems, the contractor makes ongoing improvements to the system, keeps in contact with the Minnesota Department of Revenue to stay current with its requirements, and monitors changes in laws. The cooperative's user group, made up of the members who have purchased the computer-assisted appraisal system, works with the contractor in directing changes to the system.

To convert to computer-assisted appraisal in a systematic way, the Big Stone County assessor's office planned to adapt one segment of its data at a time.

The county started by spending a summer transferring data on agricultural properties from field cards to the computer system. The county transferred its crop-equivalent ratings for valuing tillable land at the same time.⁴ The assessor's office next plans to add residential property for the county's largest city, Ortonville, followed by residential property in other cities.

This systematic, step-by-step approach allows the county to determine what works well for a given classification of property and use that information to make adjustments and improve the conversion of data for the next type of property. It also allows the assessor's office to complete its other assessment duties while conducting the work involved with compiling, entering, and checking data for the computerized appraisal. Because of the small number of commercial-industrial property sales, the county is using a computerized cost-replacement schedule instead of a mass appraisal system for commercial properties.

The county found it useful to have an individual with appraisal experience enter the data for the computer-assisted appraisal. This allowed the office to catch errors before they were entered into the system. In addition, the assessor's office spent time checking the data after initial entry to identify and correct problems.

One advantage Big Stone County's assessor's office has found with computer-assisted appraisal is increased data accuracy. Local appraisers within Big Stone County no longer have to multiply numbers because the computer program does this for them. Instead, appraisers can spend their time inspecting properties. Because the computerized system eliminates hand calculations, the county does not need to spend time correcting math errors as it did in the

past. When the time comes to submit sales data to the Minnesota Department of Revenue's regional representative, Big Stone County does so via diskette, receives a printout of the sales data, corrects errors, and then resubmits the data for improved accuracy.

Big Stone County's assessor's office saves time with computer-assisted appraisal. In addition to spending less time correcting errors, the county receives sales ratio data in January instead of April because sales data can be submitted to the Minnesota Revenue Department by diskette for easier processing. Although the county still waits for the revenue department's official direction regarding sales ratios each spring, the computerized appraisal system also calculates sales ratios, coefficients of dispersion, and other measures. Big Stone County's assessor can use these measures to determine whether value adjustments are necessary. The assessor can also quickly and easily run "what if" scenarios, describing what value changes would result if she applies different factors to several hundred parcels in any given township. If the assessor's office has to increase property values to meet state requirements, it can make the appropriate adjustments instead of waiting for an order from the state board of equalization.

The computerized appraisal system also improves equalization of agricultural property. With this system, Big Stone County's assessor's office has greater confidence that agricultural land of any given type will have a similar value to comparable property located elsewhere in the county. Improved equalization means better market values around the county and makes it easier for the assessor's office to justify its valuation estimates.

⁴ Crop-equivalent ratings, or CERs, measure net economic productivity of farm land for different crops. The ratings are based on soil types and consider crop yields, prices, and costs of production to determine the expected net income from crops planted on various soil types. Data on soil types and topography require extensive soil testing and mapping around the state, the results of which are expected to remain constant from year to year. To develop an agricultural land valuation schedule, economists at the University of Minnesota correlate farm sales data by county and township with the crop-equivalent ratings. The analysis produces ranges of farm land values that assessors can use as guides for estimating agricultural property values. Source: Steven J. Taff, *Preparation of the Minnesota Agricultural Land Valuation Schedule* (St. Paul: University of Minnesota Department of Applied Economics, November 1995).

The CER process for valuing agricultural land stands in contrast to what is known as the ABC system. In the ABC system, assessors use their own judgment, based on their knowledge of crops, irrigation, drainage, and topography, to rate land values whereby A stands for best, B for good, and C for poor. The ABC system for valuing farm land is somewhat more subjective than the CER system.

Because the computer cooperative provides the programming for the computer-assisted appraisal system, the county does not need its own computer programmer on staff. Without the computer cooperative, Big Stone County would have to hire staff with sufficient expertise to provide the programming for all their computer needs.

For more information contact:

Lila Benson
Big Stone County Assessor
(612)839-3272

Pipestone County

The assessor's office in Pipestone County, a largely agricultural county located in southwestern Minnesota with 10,000 residents, has been using a computer-assisted mass appraisal (CAMA) system since 1985. Pipestone County belongs to a computer consortium, and CAMA is just one of the applications in the software package used by the county. The assessor's office has found that purchasing a CAMA system through a computer consortium is a cost-effective approach to estimating agricultural land values.

The county assessor's office does not directly assess any of the 9,000 parcels in Pipestone County; instead, all cities and townships contract with local assessors. The county assessor distributes field cards and cost schedules to local assessors. The local assessors update property information and return the field cards to the county assessor's office. The office then enters the property information into its computer system, and uses CAMA to estimate agricultural land values based on sales of agricultural land in the county.

Before using CAMA for agricultural property, the process for calculating values was laborious: local assessors had to update land information on field cards, manually calculate land values using crop-equivalent ratings from the county, record each value on the respective field card, and return the cards to the county, which then entered the values into a computer file. The manual calculations generally took assessors four to five months to com-

plete; with the CAMA system, the county assessor's office now spends two to three weeks.

Before the county assessor's office switched to a CAMA system, it made an effort to get township board support for the change. Because the assessor's office intended to initially use CAMA for only farmland it focused communication efforts on townships, where the majority of agricultural property lays. The county assessor talked with each township board about (1) the objectives of using a CAMA system, (2) how the county currently generates agricultural land values and how the process would change with a CAMA system, and (3) the benefits of using a CAMA system — principally, enhanced assessment standardization which leads to a more equitable property assessment system. The county assessor also explained that if local assessors do not have to spend time manually calculating agricultural land values, they will have more time for other assessments. Securing townships' support allowed the assessor's office to gain local commitment to the new CAMA system, which made the transition from paper to computer a smoother process.

To further ease the transition, the assessor's office switched jurisdictions to the CAMA system in stages. The office first implemented CAMA for properties in one township, observed how the system worked, and corrected any problems that arose. The office next added two more townships, following the same process. Only after this second testing did the assessor's office begin using CAMA for remaining jurisdictions in the county. By incrementally implementing CAMA, the office was able to correct isolated problems and institute an effective CAMA system.

Pipestone County's CAMA system has resulted in better statistical analyses, better access to assessment data, and more uniform reporting from local assessors to the county assessor's office. Additionally, the CAMA system improved the assessment uniformity and regressivity as measured by a coefficient of dispersion under 10 and a price-related differential closer to 100. The assessor's office is currently in the process of upgrading its CAMA, and expects additional benefits with the enhanced

system. The new system, developed by the computer consortium, will provide more data analyses, more variables in the model used to calculate values, and more operational command functions.

Once in place, the assessor's office plans to expand its CAMA use by first adding agricultural buildings. Within five years, the office expects to use CAMA for its commercial-industrial and residential properties as well.

Pipestone County purchased the software package, which is used by the auditor, treasurer, and assessor, for a one-time cost of \$20,000 through the computer consortium, and pays \$1,250 a month for ongoing service and support. County membership in the computer consortium is \$3,500 a year. Although the cost of the upgraded CAMA is yet unknown, the assessor's office expects little increase in the monthly fee.

Jurisdictions interested in implementing or updating a CAMA system might consider computer consortiums as a cost-effective approach. However, jurisdictions with limited property sales might not find CAMA the best means of achieving increased assessment uniformity because of the system's reliance on sales to estimate values.

For more information contact:

Tom Houselog
Pipestone County Assessor
(507)825-3446

Using Computer-Assisted Mass Appraisal

City of Bloomington

Bloomington, a city of 87,000 residents located in Hennepin County, started its own computer-assisted mass appraisal system in 1979. Developed in-house, the computerized appraisal system has evolved tremendously over the years and continues to change today. Bloomington's assessor's office has experienced many efficiencies from the system, including savings in personnel and time, as well as improved data and record keeping.

Bloomington's assessment office developed its own computer-assisted mass appraisal system instead of relying on outside computer vendors because the city already owned a mainframe computer and had existing programming expertise. The assessor's office planned the implementation of its computerized appraisal system over a series of years which allowed it to test computerized appraisals on a sample of properties and correct system deficiencies before adding more properties. This approach permitted the office to convert incrementally to computerization without interrupting its main assessment responsibilities and services. Further, a gradual conversion allowed existing staff to become acclimated to a new way of doing business.

At first, the assessor's office developed a system for computerizing the valuation of just 1,200, or less than 5 percent, of the residential parcels. While the conversion was taking place, the office ran a parallel manual system so that any problems occurring with the computerized system would not prevent it from performing its assessment obligations. After the office refined this system and attained equitable values, it added half of the residential parcels one year, the second half the next year, townhouses and condominiums the third year, and double bungalows yet another year.

Over a ten- to twelve-year period, during which assessment staff had been through nearly all properties twice, the office created a very complete data set for its residential properties. The second visit through the properties permitted staff to make adjustments to the initial data and fill in information gaps. The computerized system is designed to require entering certain pieces of information for each property, resulting in a comprehensive data base. Although the assessor's office could have hired an outside vendor to convert the data and have the process completed more quickly, it opted to use its own personnel to convert the data on an incremental basis to save money. Developing the system in house also allowed the office to have complete control over system design, become entirely familiar with the data base and its capabilities, and make programming changes instantaneously.

More recently, the assessor's office has turned its attention to automating data on its commercial-industrial properties. Staff completed loading data on all of Bloomington's commercial properties and now run statistical analyses on commercial properties. However, the system does not estimate values for these properties. With additional programming, the office hopes to soon use the system to add or subtract capitalization rates and rents for income-producing properties.

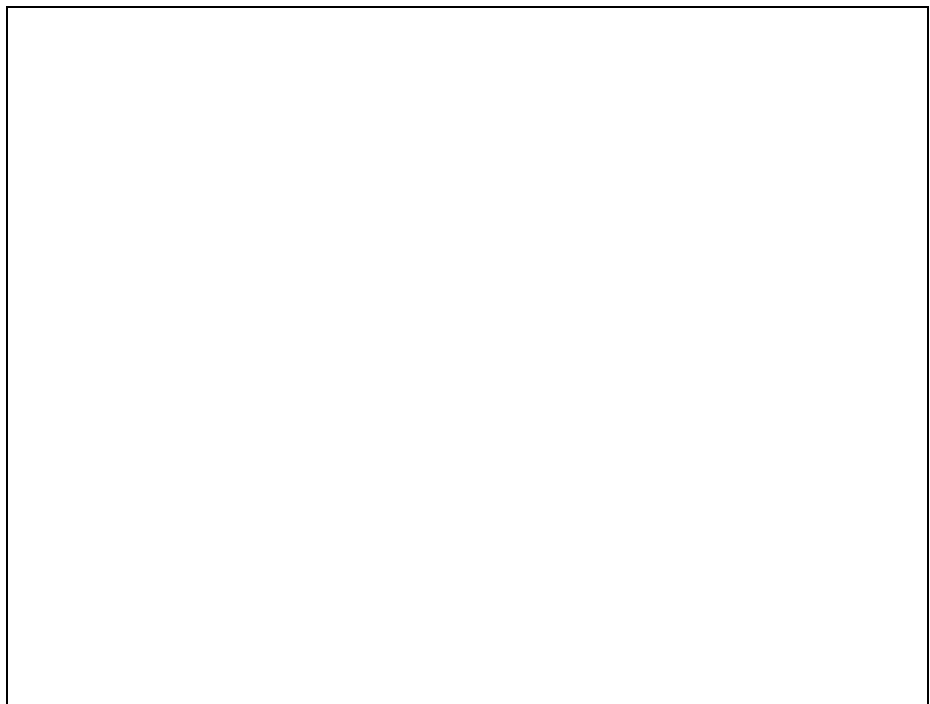
The effectiveness of the computerized system depends on staff training and input. Bloomington's assessor's office stresses staff training year round, including computer training. Without such training, the appraisers would not be fluent with the system. Over the years, enhancements to the system have occurred as staff appraisers generated ideas on how to save time and improve accuracy. For instance, as the result of a staff suggestion, the system offers three different screens on sales of comparable properties: one for similar properties, a second for similar properties that sold in the past 18 months, and a third for similar properties selling in the past 18 months within a specific geographic area.

Bloomington's computer-assisted mass appraisal system offers many advantages to the assessment staff. Because of the time that has passed since the office initiated the computerized system, the evolution of the system over time, and improvement in separating programming costs from other data-processing costs in the use of the city's mainframe computer, cost data for the computerized-assessment system are difficult to estimate. Nonetheless, the assessor's office believes the system has been cost effective because of the improvements that have followed. The completeness of the data base gives staff confidence that the city's data on any owner's property are correct. Instead

of retrieving multiple field cards to compare similar properties, an assessor can simultaneously call up on a single screen any given property and up to four other comparable properties.

Access to property information by owners' names allows staff to verify that owners have only one homesteaded property within the city. Should the staff need to test how a different property characteristic would affect a value, they run "what if" programs. These programs allow assessors to know instantly how the value would change if, for example, they rated a building with a quality rating of 4 instead of 6. Similarly, when properties undergo changes due to improvements or neglect, the system automatically calculates a new value. Over time, the assessment staff has itemized each improvement, such as adding a deck, and the value it represents for properties.

Because of the interface between the assessor's computerized system and those in other city departments, the system assists interdepartmental communication, such as allowing assessors to track building permits through interacting with the building inspections department. When owners pull permits to improve their property or begin new construction, the system alerts assessors to the need



Bloomington's CAMA in use

for reappraisals. Further, to reduce errors, the system detects logical inconsistencies; for instance, if appraisers are entering data on a two-story house, the system requires them to include certain features that distinguish the property as two-story.

Other gains from the computer-assisted mass appraisal system include savings of time and improved equalization of values. Computing valuations for all residential parcels in the city is done within two weeks, whereas in the past it took several months. With the computerized-appraisal system, the assessor's office produces a variety of sales ratio studies. Staff stratify the sales by a variety of factors, such as assessment district, year built, market value, story height, quality, and location along major transportation routes, among others. As a result, values of comparable properties are more uniform around the city and equalization is improved because value changes are more consistent.

With the addition of personal computers for the staff, productivity also increased: instead of six clerks in 1989 the assessment office now has three, and the residential field staff was reduced from five to four appraisers. Bloomington's assessor's office also uses the computerized appraisal system as a management tool. To measure staff effectiveness, managers track how much work appraisers complete and calculate sales statistics by appraiser.

Additional enhancements are ongoing in Bloomington's computer-assisted mass appraisal system. With the next upgrade, the assessor's office hopes to re-engineer a system that is more user friendly by offering a "windows" environment in which appraisers need only point and click to produce certain screens.

Cities without city-owned mainframe computers may not have the same incentives to develop an in-house computerized appraisal system as Bloomington did. Depending on jurisdictions' own circumstances and computer needs, a vendor-based system may be more cost effective.

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or

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City of Minnetonka

In the city of Minnetonka, with 49,300 residents located in Hennepin County, the city assessor's office has been using a computer-assisted mass appraisal (CAMA) system for the past four years. Although the city has had access to CAMA ever since it contracted with a computer consortium for other computer services, Minnetonka's assessor's office just began utilizing the CAMA component for its residential properties in 1992. While still under development, Minnetonka appraisers have already found that the system increases uniformity among their assessments.

Because of the city's lack of homogeneous properties, the assessor's office had in the past questioned the potential benefits CAMA might offer Minnetonka. With the CAMA tool readily accessible through its existing computer system, however, the assessor's office decided to implement CAMA for the city's residential property class on a trial basis. The city assessor hoped CAMA would simplify the office's mass appraisal process and increase the accuracy of its assessments.

Pleased with the initial results, the assessor's office is now considering the purchase of an updated CAMA through the consortium. The updated CAMA would be more flexible, equipped with a program that performs regression analysis. Presently, the office uses a regression analysis program developed in-house. Appraisers run analyses of sales data based largely on the quality, class, and style of the property. CAMA produces rates, both base and adjusted, for all property categories. The assessor's office has limited its CAMA applications to principally single-family residential properties,

where the city has more comparable properties. It does not use CAMA for such residential properties as townhouses, condominiums, or duplexes, where the number of comparable sales is limited. Like - wise, because of insufficient comparable sales, Minnetonka's assessor does not anticipate using CAMA soon for the city's commercial-industrial properties.

The assessor's office is still updating its property information, and hopes to have all data entered by 1998. Nonetheless, appraisers have already found CAMA a useful tool. Appraisers generate values for the parcels themselves, and have increased their efficiency five-fold from 2,000 hand-held calculator calculations to 10,000 computerized calculations in the same length of time. The assessor's office also believes CAMA has increased its effectiveness. Not only do appraisers get more realistic numbers with which to work, making the assessment less of a "guessing game," but the office has gained more uniformity among the assessments produced by different appraisers. Moreover, the office notes that appraisers can more easily generate such reports as market value changes or sales ratios due to the enhanced property information collection system.

Minnetonka's assessor cautions that CAMA operates best for property classes with ample comparable sales and advises that the more homogeneous the property in a class, the better. Belonging to a computer consortium may also make the system more economically feasible for most jurisdictions. The assessor's office pays \$20,000 annually for its share of the entire computer system, including CAMA, which is based on the amount of time the office uses the system. For Minnetonka's assessor's office, the benefits gained from increased uniformity and decreased time expenditures outweigh the actual dollar cost to the office.

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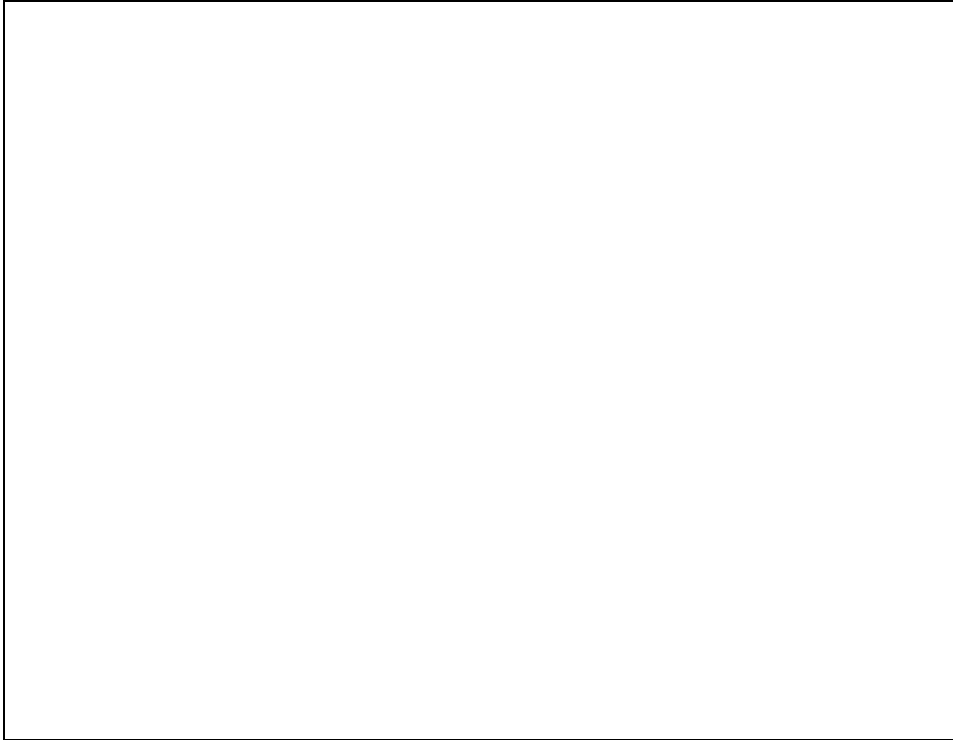
Washington County

The assessor's office in Washington County began implementing computer-assisted mass appraisal (CAMA) in 1989. The county assessor's office is responsible for assessing about two-thirds of the parcels in the county and local assessors assess about one-third. Implementing CAMA is an ongoing process in Washington County, a metropolitan county with 169,000 residents.

The assessor's office took several years to research, plan, and begin using its CAMA system. It spent about a year investigating the right CAMA for the county's needs and another two years to tailor the system and provide training for all users. Because the office knew that novices and others, such as real estate agents, would rely heavily on the computerized data, staff were careful to make the system easy to use for all potential users.

Before the county could begin using the CAMA system, appraisers had to visit all parcels to collect comparable data. Appraisers did this over a period of years through 1995 when staff entered the last communities' assessment data into the CAMA system. However, instead of waiting to use CAMA countywide, the county assessor used the system to generate property values city by city after appraisers gathered and entered the appropriate information. This allowed the office to test the CAMA system and refine it as needed. With all parcel data now converted to the CAMA system, the assessor has the ability to revalue tens of thousands of parcels within minutes, something that in the past would have taken weeks. For most parts of the county, CAMA has replaced hand-calculated values. Consequently, using CAMA reduces errors and increases efficiency.

CAMA is one component of Washington County's four-part computer system in development during 1995 and 1996. When complete, the system will integrate CAMA with a geographic information system, land-based information such as infrastructure data, an imaging system, and tax data. Assessors and other county personnel will have access to all relevant data about a property on a single computer terminal — assessed value, parcel characteristics,



A Washington County CAMA screen

tax data, sales and deed information, public infrastructure like sewers and roads, and a visual image of the property. The countywide effort involves multiple departments and will likely include additional departments in the future.

As part of its CAMA system, the assessor's office developed an extensive training program. Besides familiarizing staff with the hardware and software, training included developing a comprehensive book appraisers use as a guide as they compile parcel information. The book helps ensure that, even with different appraisers, information is consistent across properties. For example, the book defines a grade "5" construction quality with precise detail and illustrations so appraisers can properly code all properties bearing those characteristics.

From the perspective of the county assessor's office, the largest benefit of CAMA is equalization of property values. Throughout the county, values on properties sharing similar characteristics and in similar markets will now bear similar estimated market values due to CAMA. The CAMA system improves equalization of estimated market values

made by multiple appraisers in the county, some employed by the county and others employed by cities or townships.

With CAMA, the county assessor can also closely and easily monitor the assessment/sales ratio. The system allows the assessor to pinpoint areas where assessments are not at an appropriate level or where they lack uniformity. The assessor's office can detect even the smallest of valuation discrepancies with CAMA and quickly correct them to achieve optimal uniformity.

The CAMA system also allows the assessor's office to make useful information readily available to property owners. This saves staff time and increases efficiency. For instance, when owners call with questions on their assessment, appraisers have immediate access to property and sales information for the subject property and other similar properties. After speaking with taxpayers, appraisers can send a copy of the owners' property records indicating the subject property's value, and values of comparable properties when necessary. Ultimately, this limits the number of appeals coming before boards of review and equalization because owners seem less likely to appeal when they understand how the assessor arrived at the estimated market value and how their own value compares with other similar properties.

Because the CAMA system required more complete and accurate data on both land and buildings than in the past, and because values were no longer calculated by hand, many property owners saw changes in values after the county used CAMA. However, after using CAMA in a community for a year, the number of appeals in the city or township typically decreased because of better equalization of values.

Improved equalization has contributed to fewer appeals by property owners to local boards of review across the county. According to the county assessor, appeals lodged at board of review meetings during 1994 and 1995 represented about a quarter fewer appeals than in earlier years.

Over a four-year period, Washington County invested about \$200,000 in its CAMA hardware, software, and enhancements, not including costs of training and data entry. The assessor's office anticipates that additional expenditures will be necessary to refine the system further. Comparable CAMA systems could cost less today because improved technology and widespread demand have lowered prices. Nonetheless, CAMA systems require significant up-front investments of from a few thousand to hundreds of thousands of dollars.

Washington County's experience indicates that a CAMA system is not static. Jurisdictions should not expect CAMA software installed one year to remain as functional in future years. Since installing the CAMA system, Washington County's assessment staff has made enhancements to it each year. The enhancements are necessary to account for technological advances and changes in local needs.

One consideration in implementing CAMA is involving people with assessment expertise and others with computer expertise in planning and developing the system. Lacking direct involvement of assessors, the planning process could produce a computer system that does not meet all assessment needs. However, planning must be done in such a way that assessors still have time to complete their main assessment duties. Another consideration is the need for adequate training since staff cooperation is essential to making CAMA effective. This may involve overcoming staff reluctance to take part in a system that differs considerably from past practices. At a minimum, this requires adequate staff training on the CAMA system, its equipment and uses, and the advantages it offers to the appraisers' jobs.

To ensure that CAMA generates good estimates of property values, a jurisdiction must have accurate assessment data on its parcels. CAMA estimates

values based on whatever data are entered in the system; if the data on building characteristics are poor, for instance, the estimated market values will be faulty. In addition, CAMA may require appraisers to distinguish and account for land and building values more precisely than in the past.

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Shifting to a Countywide Assessment System

Cass County

Cass County, located in north central Minnesota with 22,600 residents, shifted to a countywide assessment system for its 1994 assessment. Previously relying on both local and county assessors, Cass County adopted a resolution in June 1992 that requires the county assessor's office to assess all property in the county. Although in operation for only a short time, the assessor's office has found the countywide assessment system cost effective and efficient.

A number of factors influenced Cass County's shift to a countywide assessment system. First, many of the local contract assessors were nearing retirement age without younger assessors available to replace them. Second, local jurisdictions were increasingly asking the county to assume their assessment responsibilities. Local jurisdictions that contracted with the county apparently told others about the high quality of assessment and administrative ease achieved through contracting with the county assessor's office. Third, some taxpayers had begun to complain about the quality of assessments and the availability of their local assessors. Although the number of districts concerned about poor assessment was small, the complaints received county commissioners' attention.

At the county board's request, the county assessor examined the feasibility of adopting a countywide

assessment system. The assessor looked especially at the expected costs of a countywide system. At that time, the assessor's office was already assessing nearly three-fourths of all parcels in the county. Because the office had tracked the number of assessment districts, parcels, and appraisers for over 10 years, the assessor was able to estimate the additional staff required by shifting to a countywide assessment system.

The goal was to minimize the number of staff needed to produce effective assessments. Based on staffing and workload data, the assessor estimated that a countywide assessment system could eventually work successfully in Cass County with the addition of two field appraisers if the office continued to augment its computer-assisted mass appraisal (CAMA) system. This would ultimately translate to 100 percent of the county's 31,865 parcels assessed by 5 county appraisers, or 6,373 parcels per appraiser. Because completion of the CAMA upgrade and expansion would take three to five years, the office thought the best interim solution was continuing its practice of sub-contracting some parcels to local assessors.

The county assessor estimated the additional costs of the countywide system, including staff, vehicles, and education, to determine how those costs would affect the general county levy. The estimated difference in cost between countywide assessing and local assessing was not substantial. In fact, estimates showed that in some cases local jurisdictions that had been using their own contract assessor might actually reduce their total assessment costs under countywide assessment. In Cass County, as in other counties, taxpayers in jurisdictions that contracted with local assessors paid the same general levy for county assessment staff services as those that contracted with the county. Jurisdictions that contracted with the county paid an additional cost per parcel fee for parcels assessed by the county. Thus, by shifting to a countywide system, taxpayers in some jurisdictions could realize a net reduction in assessment costs if their combined local levy for the contract assessor and county levy for the county assessor's office was greater than the new general levy for countywide assessment.

The county assessor's office wanted local jurisdictions throughout Cass County to support the transition. Consequently, the office undertook a public information campaign prior to the adoption of the resolution. The county assessor's office sent a letter to local government officials in each local jurisdiction informing them that the county board was considering implementing a countywide assessment program and inviting them to attend one of three informational meetings held across the county to discuss the possible transition. The letter carefully detailed some of the reasons that prompted consideration of a countywide system, how the system would be funded, the benefits of a countywide system, and the possibility of the county retaining some of the local assessors currently contracted by jurisdictions for sub-contract work. The meetings did not resolve the issue of whether Cass County should adopt a countywide system, since strong opinions for both sides emerged. Nevertheless, because the meetings provided a forum for local government officials to voice their opinions and participate in the decision-making process, the meetings were an important part of the transition to a countywide system.

After county commissioners approved the resolution for countywide assessment, Cass County's assessor sent a personalized letter to each jurisdiction and each local assessor informing them of the change. Because the assessor mailed the letters in the summer of 1992, both local assessors and elected officials had a year to acquaint themselves with the countywide assessment system. The letter informed local officials with their own assessors that the city or township would not need to budget for assessment services beginning in 1994 when the county would assume assessment responsibilities. In jurisdictions that already used the county for assessment, the letter reassured local officials that the countywide shift would have no significant impact on their districts and also stated that they would no longer need to budget for the county's assessment services.

The transition to the countywide system, with the aid of these public relations efforts, has been relatively smooth. Although the county assessor's office has not yet measured satisfaction among local

officials with the countywide system, the office has received fewer taxpayer complaints regarding the equity of the assessment and fewer state board of equalization orders.

Cass County's assessor has found additional benefits from the centralization of assessment functions. First, uniformity among appraisers has improved. Property owners benefit from the added level of expertise and training of county appraisers. Because all appraisers, both full time and subcontractors, are funded by the county assessor's office, all report to the county assessor. This gives the assessor a more direct role in ensuring equitable assessments from the initial local assessment instead of waiting for county reviews of local assessors' estimates.

To further promote uniformity, all full-time and subcontracting appraisers receive annual appraisal guidelines and schedules for the assessment year. The informational packet serves as a tool to help appraisers with the assessment, offering updates on general assessment practices and outlining statutory changes pertinent to the assessment.

Second, the countywide system improved the ease of assessment administration and enhanced communication. Because everything is now centrally located — from the books, ledgers, and records to the assessment staff itself — the assessor's office is more effective during open-book meetings, local boards of review, and the county board of equalization. Since appraisers now work together and can easily communicate with one another, they have a better understanding of each other's work. As a result, they are better equipped to provide knowledgeable answers to property owners' questions.

Third, countywide assessment helped improve public relations between the assessor's office and Cass County property owners. Due to centralized assessment, all taxpayer questions and complaints now come to the county assessor's office. The office can therefore ensure that all property owners will receive a prompt, thorough, standard response to their questions. The assessor's office is better equipped to accurately track all taxpayer complaints as well, which will ultimately provide the office a means to

measure property owner satisfaction with the new countywide system.

Cass County offers a recent example of a successful shift to countywide assessment. Nonetheless, the shift to a countywide system has the potential to be quite political because some communities may not want to lose control over their local assessors. Based on Cass County's experience, counties considering a shift to countywide assessing should conduct extensive preliminary work on the transition's cost and feasibility. For example, if a large increase in staffing would be necessary, the transition may be less justifiable due to the additional expense. Similarly, a transition may be unnecessary if a county's present structure produces a high quality assessment at a reasonable cost.

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Using a Geographic Information System

Clearwater County

Clearwater County, located in north central Minnesota with 8,400 residents, initiated a geographic information system (GIS) in 1992. The assessor's office began using the in-house GIS system, which serves multiple county departments, in 1995.

While comprehensive parcel maps for the assessor's office are still under development, assessors have already benefited from the increased flexibility GIS maps offer.

Clearwater County's Land and Forestry Department originally developed the GIS system, which uses United States Geological Survey (USGS) topographic maps as base maps, for timber plots. Although the assessor's office was interested in potential GIS applications, it was initially unsure whether the USGS maps would prove accurate enough for plotting parcels. However, after evaluating alternative systems the county assessor con-

cluded that USGS base maps were sufficient for its rural townships.

Clearwater County originally contracted with a computer consortium for GIS services provided to the Land and Forestry Department. As other county departments expressed interest in using GIS, the county decided to hire a full-time GIS technician in lieu of consortium services. Using a full-time county employee allows departments to receive more customized GIS applications and more immediate responses to their questions and requests. Additionally, Clearwater County found employing a GIS technician slightly less expensive than contracting with a private firm.

The technician works half time for the Land and Forestry Department and half time for other interested county departments. The county calculates the hourly wage of the GIS technician, including both salary and benefits, and charges that rate to each department based on its use of the technician's time. Departments thus receive the benefit of an on-site GIS technician while sharing the cost.

Although the county is developing a new digital map system, currently the assessor's office draws maps based on aerial photographs and the technician digitizes them for GIS use. Typically, for each day the assessor's office spends updating a map the technician spends four days digitizing it. The aerial photos come from USGS maps of land sections, onto which the assessor sketches parcel information by township. Once the maps are complete, he sends them to the GIS technician who produces digital versions of the parcel maps. The assessor's office currently has digital maps for three townships, and expects to complete another five.

The greatest benefit realized by the assessor's office is increased ease of use. For example, when a parcel is split assessors are able to incorporate the split into the digital map without redrawing an entirely new map. Also, digital maps offer the office greater flexibility in receiving any size, part, or type of map desired. Additionally, digital maps alleviate the problem of limited map life because staff can update maps instantaneously as conditions change. Previously, the office's hand-drawn maps had an



A Clearwater County map plotter

average life of three years. Digital production not only extends map life, but enhances map quality as well.

The assessor's office initially opted to digitize its rural township maps because more sophisticated systems typically take substantial amounts of time and resources to implement. However, Clearwater County plans to purchase new digital orthophotographs by the end of the year. Previous USGS maps were not themselves computer-readable, and therefore required individuals to digitize the maps based on aerial photographs. In contrast, digital orthophotographs are computer-readable and processed to minimize distortions found in traditional aerial photographs. Minnesota's Land Management Information Center coordinated a base map project in 1990, and is producing state maps in stages. Orthophotographs that include Clearwater County should be ready by the end of 1996, and county officials have decided to purchase the corresponding maps. The assessor's office plans to use the orthophotographs as base maps for plotting parcels of cities and remaining townships.

Presently, the cost to the assessor's office for digital GIS maps is the time spent drawing maps and the hourly rate for the office's share of GIS technician

time. Because digital orthophotographs for Clearwater County are not yet available, the assessor's office is uncertain of their comprehensive costs. However, the CD ROM which stores the compressed orthophotographs will cost the county \$32. Staff believe the gains achieved with digital maps will outweigh any additional costs.

Based on Clearwater County's experience, counties considering implementing GIS need to involve all county departments that are potential users. This will help counties decide the necessary level of plot accuracy, estimate potential demand, and project expected expenditures. The level of plot accuracy is especially important. For some uses, digital maps based on aerial photographs would be insufficiently accurate. In these cases, jurisdictions may need to explore alternatives such as orthophotographs.

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City of Coon Rapids

In Coon Rapids, an Anoka County city with nearly 62,000 residents, the city assessor's office has used a geographic information system (GIS) over the last two years to assist its assessment work. Developed and run by the city's engineering department, the GIS allows the assessor's office to view all land values on color-coded maps of city neighborhoods. The maps show assessors whether values are consistent throughout any section of the city.

Coon Rapid's GIS is available to and used by many different city departments. As such, the assessor's office bears no direct costs for using GIS. The city employs two information system specialists with whom the assessors work when they need GIS help. The engineering department uploaded data on land values and taxation to the GIS system for all parcels in Coon Rapids.

Before the advent of GIS, assessors produced their own maps using colored pencils to mark relevant data. This was a time consuming process done by

hand and subject to errors. GIS maps are produced far more proficiently, can be updated easily to reflect market changes, and offer a professional quality product.

The assessor's office has used GIS in a number of ways. By using GIS to produce maps of six residential zones, with each zone distinguished by the value of the lots and buildings, the assessors can easily detect a parcel that is not consistent with values of surrounding parcels. Assessors can then make adjustments before finalizing the assessment. This process permits assessors to quickly yet comprehensively detect and correct equalization problems. It also allows assessors to determine whether all properties affected by certain land uses, such as railroads or major streets, are treated equally. Properties near land uses that may negatively affect value receive adjustments for the locational factors. In conjunction with analyses of property sales, assessors also use GIS to monitor the effect on home values of nearby apartment complexes.

Before beginning the reappraisals of properties in the quartile, assessors now look at GIS maps to detect any problem areas. The maps, used along with sales ratio studies, help assessors identify parcels with values different from similar properties. With data mapped on residential sales, assessors use GIS maps to monitor sales activity by type of home or by area within the city. Assessors have also used GIS to locate properties eligible for the value exemption associated with the "This Old House" program. By mapping the date of residential construction, assessors see where the areas affected by the law lie.

In addition, assessors have used GIS maps to locate small, city-owned parcels to help determine whether the parcels are usable or should be sold to remove them from the list of tax-exempt properties. Assessors also prepare maps for use specifically by the local board of review. These maps show the board which parcels were in the reappraisal area for the current assessment year and which will be reappraised during the upcoming year.

The assessor's office anticipates expanding its use of GIS. For the future, assessors want to gear the

use of GIS for analyzing commercial-industrial parcels. They are preparing data that will allow them to map the cost per square foot for all commercial-industrial parcels in the city. They also plan to use GIS to assist with land value analysis. The maps will help assessors detect inconsistencies in land values.

Coon Rapids' assessor's office enters appraisal and taxation data into the Anoka County computer system. To use data for GIS purposes, the city downloads data from the county system and has the data converted to make them readable by the city's own computer system.

Although a GIS offers many benefits to assessors' offices, it is an integrated network of data that typically requires the involvement of multiple departments within the jurisdiction. It is not something that a single department can easily pursue. The expense of GIS, which reaches tens of thousands and even millions of dollars for hardware, software, converting paper documents, and entering data requires a full commitment by the jurisdiction and its policy makers. After capturing data and converting them to digital form, jurisdictions still face the costs of

training and system maintenance. For smaller jurisdictions, GIS may only be feasible when developed in cooperation with other local governments.

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Using Pen-Based Computers

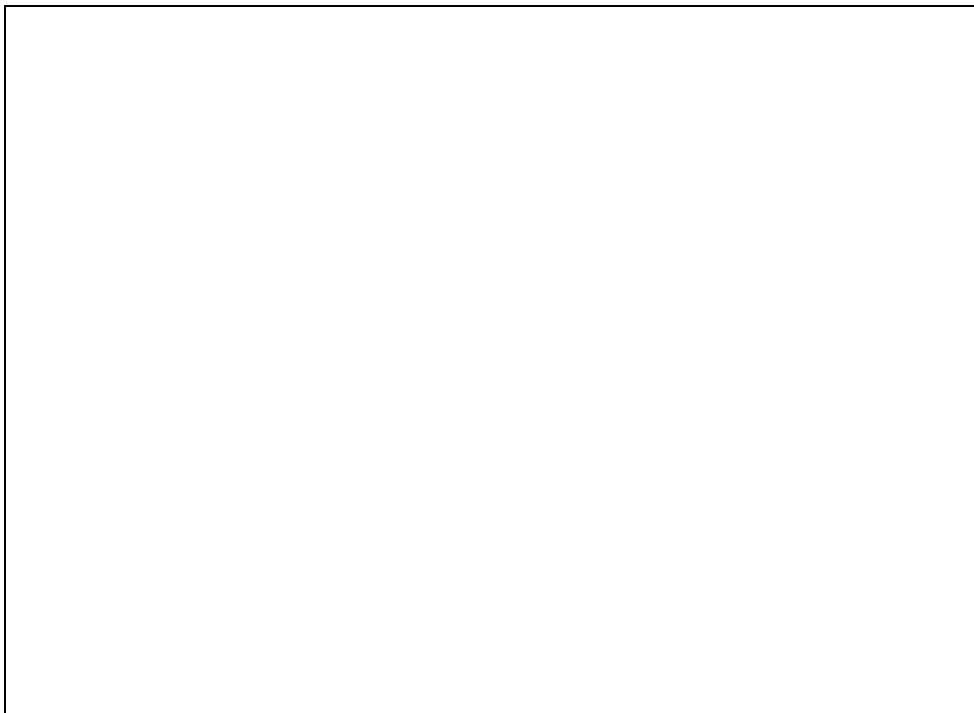
Ramsey County

The assessor's office in Ramsey County, a metropolitan county of 481,000 residents, is currently in the process of acquiring pen-based computers for appraisers in the field. The office believes pen-based computers will increase staff productivity and assessment efficiency. County appraisers have been experimenting with some prototypes since February 1996. The assessor's office is responsible for assessing the value of all property in the county.

Ramsey County is working with a private company to develop the pen-based computers. Pen-based

computers are portable tablet personal computers. The units measure eleven inches by seven inches by two inches, weigh approximately two and one-half pounds, and cost \$4,500 each. The computers are part of a new integrated assessment system that replaces a system the assessor's office had used since the 1970s.

The previous assessment system in Ramsey County was cumbersome, required numerous steps, and often duplicated functions.



A Coon Rapids GIS map



Ramsey County's pen-based computers

assessors to up-load data on demand, change data, revalue parcels, and send changes directly to the host computer without data entry by other office staff. Additionally, the new system provides the office easier and more reliable tracking of appraisal work, allowing the daily monitoring and correcting of problems.

The office hopes the new system and the pen-based computers will increase staff productivity and efficiency and increase the reliability of data changes and valuation updates. By shifting the duty of estimating a property's market value from the

Appraisers updated property data on field cards and clerical staff entered these data into the main computer system. Technical staff then converted the data to batch mode for large computer runs based on regression models.⁵ Market analysts, who developed the computer models used for the regression, checked the accuracy of the batch runs. Appraisers subsequently verified the final values estimated by the computer runs. This process placed the responsibility for producing actual property values in the hands of market analysts, removing appraisers from an important part of the valuation process.

The new system streamlines the assessment process. It provides remote access from the pen-based units to the main computer host through a server accessible by radio waves and telephone modems. Remote data access and valuation via the pen units allows appraisers to review market values in the field and fine tune values in their respective neighborhoods. Pen-based application provides same-day updates and value verification, allowing

market analyst to the field appraiser, the office hopes to augment appraisers' authority and responsibility. The system will also decrease paper flow and physical storage requirements. Ultimately, the assessor's office expects to improve its service to taxpayers by providing more accurate assessments and more timely responses to property owner questions.

The assessor's office anticipates that 15 appraisers will be using wireless pen technology by the end of 1996 and expects to have all 30 appraisers using the technology by the end of 1997. The office believes employee acceptance of the new system is essential, and has involved staff in much of the development process. Further, the office is providing extensive staff training to ensure efficient use of the technology.

Although too new a technology to understand all benefits and costs, pen-based computers offer prom -

⁵ A batch system executes a set of commands or jobs and returns the results without any human intervention. Batch systems allow the processing of large data sets — that may involve many hours of computer run time — during periods of low computer use by holding jobs in queue until the necessary system resources are available for use.

ising new alternatives to a paper-based system of field cards. By streamlining the process for revalu - ing property, the technology presents the potential for realizing important gains in efficiency. How - ever, because the technology is relatively new and changes in technology continue, questions such as the ability of pen-based computers to withstand the rigors of the field will remain unanswered until the computers have been in full use for some time.

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ADOPT CLEAR TAX ABATEMENT POLICIES

Developing Abatement Policies

Anoka County

Anoka County, a metropolitan county with 262,000 residents, updated its abatement policy in 1993 to better reflect recent statutory changes. The county desired greater uniformity in considering abate - ments. Adopting a well-defined abatement policy has increased continuity in abatement considera - tions by the county, which benefits property owners by improving fairness in abatement decisions.

The county considers abatement requests for the current year only under six circumstances: (1) the county made administrative or clerical errors, (2) the county assessor deemed as appropriate cer - tain modifications to value, property classification, or taxable status, (3) the postal service lost or de - layed payments and the taxpayer presented ade - quate documentation thereof, (4) the taxpayer experienced events or illness beyond his/her con - trol, (5) the taxpayer's request for abatement of spe - cial assessments made by municipalities for local improvements was approved by the board of review or taxing district, and (6) the taxpayer acquired and used properties for transitional housing facilities that met statutory requirements. The policy re -

quires abatement petitions to contain sufficient sup - porting facts and detail to allow the county board to determine whether the situation warrants granting an abatement.

The county considers abatement requests for the prior two years for clerical errors or hardship; the re - quest must also meet one of the six conditions listed above. Anoka County's abatement policy defines hardship as: "Any event(s) or circumstance(s) be - yond the control of the taxpayer which precludes the taxpayer from filing for a reduction or an adjust - ment of the property taxes. Examples of "hardship" may include the incapacity of the taxpayer or illness of the taxpayer or taxpayer's immediate family and other events or circumstances which may constitute excusable neglect on the part of the taxpayer."

The abatement policy also outlines the process for deciding abatement applications. The property re - cords and taxation division initially receives an ap - plication for abatement. Applications approved by the city assessor, and all applications in cities with - out a city assessor, advance to the county assessor. If the county assessor approves the abatement appli - cation, the request proceeds to a two-member panel consisting of a county commissioner designated as the responsible commissioner for real estate and the division manager of property records and taxation. Abatement applications recommended for approval by the panel go directly to the county board for ac - tion; abatement applications recommended for de - nial go to the commissioner in whose district the property is located. That commissioner has two weeks to respond to the application. If the commis - sioner concurs with the proposed denial, the county considers the abatement request denied. If the com - missioner disagrees with the proposed denial, the abatement advances to a review committee consist - ing of three commissioners, excluding the commis - sioner in whose district the property is located. The policy describes the make-up of the review commit - tee and rotates review committee responsibilities among commissioners. If the review committee ap - proves the abatement application, the full county board considers the application; if the review com - mittee denies the application, the county considers the application denied.

Although the volume of abatements in Anoka County remains unchanged since implementing the abatement policy, public officials believe the policy offers many advantages. Board members have a better understanding of why property owners request abatements and understand under what circumstances the county can and cannot grant abatements. The assessor's office views the policy as a learning tool to gain an understanding of why property owners file abatements and determine what steps the office can take to rectify problems. Additionally, when taxpayers call to inquire about abatements, county officials have a definitive policy to follow and mail to property owners. Most importantly, by increasing the knowledge of board members, appraisers, and property owners, the county achieves greater continuity and fairness in granting abatements.

For more information contact:

Ed Thurston
 Anoka County Assessment Director
 (612)323-5499

Beltrami County

In 1994, Beltrami County, located in north central Minnesota with 34,400 residents, officially adopted its current abatement policy. Although an informal abatement policy had been in place for over ten years, the policy was rarely used. Changes in leadership led to the adoption of a more structured and well-defined abatement policy that was written by the county assessor. The assessor's office views the abatement policy as a customer service. Although too soon to declare the new abatement policy a complete success, the office witnessed a decrease in the number of abatements filed for taxes paid in 1995.

The goal of the assessor's office in drafting the new abatement policy was to make the process more user-friendly to the taxpayer. The office wanted property owners and county officials to have a clear understanding of what taxes it would and would not abate. Also, by adopting a well-defined abatement policy the office streamlined its abatement process.

Roughly 80 percent of all abatements in Beltrami County are homestead abatements. Although the state no longer requires counties to send homestead notices every year, Beltrami County has elected to do so. Staff decided that it needed to computerize its homestead tracking system for good customer service. The office now sends up to three homestead verification cards to property owners in February and March. Property owners who do not respond to the first mailing receive a second card, and those not responding to the second receive a third.

Beltrami County's abatement policy has two principal parts, the first addressing homestead abatements and the second for abatements of estimated market value. Because the county requires annual homestead applications, its policy grants homestead abatements only in the year taxes are due. Additionally, the county charges a \$25 homestead abatement processing fee to discourage property owners from filing unjustifiable homestead abatement requests.

The second policy guideline states that the county accepts abatement applications for reductions in estimated market value only for the current year plus one prior year. The policy specifies that the county grants abatements only when the property is shown to be over valued or improperly classified and the property owner provides good reasons for bypassing the boards of review and equalization.

The policy also clarifies other specific instances when the county will consider abatements. The county does not consider requests for tax abatements under "This Old House Law" when the taxpayer fails to apply for the exemption of value as defined by statute. The county considers abatements when (1) the taxpayer applying for an abatement of penalty on current taxes has positive proof that an attempted payment was lost in the mail, (2) the taxpayer applying for an abatement of penalties, interest, and costs on delinquent taxes did not pay the tax because of an error on the part of the county, or (3) the taxpayer applies for an abatement of taxes on homestead dwellings which have been unintentionally or accidentally destroyed, as allowed by *Minn. Stat. §273.123*.

The assessor's office believes Beltrami County's abatement policy benefits both taxpayers and the office. Board members have received numerous positive comments from the public. Although taxpayers might not necessarily like the county's decisions, they believe county staff treated them fairly and objectively. The county assessor views the abatement policy as a way to clarify one piece of a rather complicated tax system. Additionally, the policy helps assessment staff know definitively what qualifies as an acceptable abatement request.

The abatement policy itself costs the county little. However, the 11,000 annual homestead cards mailed to property owners cost \$700 to print and another \$2,200 to mail. Additionally, staff devote numerous hours preparing the cards and fielding phone inquiries. Nonetheless, the assessor unequivocally believes that gains made in public relations far exceed the county's costs. If budgets are very tight, the annual homestead application process may not be feasible, which could alter the effectiveness of the abatement policy. Also, if the volume of abatements in a jurisdiction is relatively low, a policy as comprehensive as Beltrami's may be unnecessary.

For more information contact:

Duane Ebbighausen
Beltrami County Assessor
(218)759-4114

Big Stone County

Big Stone County, an agricultural county on Minnesota's western border with a population of 6,000, receives few requests for abatements of taxes. To avoid the time, expense, and administrative burden of processing tax abatements, the county assessor's office takes preventive measures to manage the number of abatement requests.

Big Stone County set an abatement policy in 1990 that helps the assessor's office manage abatements. The policy sets a minimum amount of \$50 for tax abatements. The policy states that the county will only consider current year tax abatements. In addition, the policy states that the county will not grant

homestead classification via an abatement if the assessor's office has provided proper homestead notification, such as a certified mailing. This places the responsibility for attaining homestead classification on the property owner after sufficient notification and assistance from the county assessor.

Two practices in particular help the county manage the relatively small number of abatement applications (9 in 1994). First, whenever the assessor's office sees a transfer of property ownership, it automatically sends the purchaser a homestead application letter. The letter notifies the new owner about the importance of homestead classification in calculating property taxes and explains the law that requires the owner to complete the homestead application to receive homestead status.

The cost of sending homestead notifications is small, essentially limited to mailing costs because the office already monitors property transfers. The return is large, however, because the county can maintain homestead classifications instead of removing the designations, only to change them back once property owners file for a tax abatement. In addition, this practice helps generate good will when property owners see that the assessor's office is attempting to help them.

The second preventive practice, internal checking of data, helps manage abatements as well as ensure accurate data overall. The emphasis on verifying data prevents mistakes that could otherwise lead to abatement applications. Verification occurs at all stages of the office's work, but particularly for changes that are the typical forerunners to abatement requests. For instance, the splitting of a parcel may result in homestead classification changes. When the office learns about the splitting of a parcel, which may occur, for example, when a site is sold or for inheritance purposes, it carefully checks the splits on a plat map. The assessors overlay the plat with aerial photos to determine precisely where the splits have occurred and know exactly how many acres are in each plat. By carefully checking its data and managing changes like parcel splits, the assessor's office prevents the kind of errors that could otherwise result in tax abatements.

For more information contact:

Lila Benson
Big Stone County Assessor
(612)839-3272

Ramsey County

Ramsey County, a metropolitan county with 491,000 residents, adopted an abatement policy in 1990 based on suggestions by an abatement resolution committee. County commissioners had established the committee the preceding year specifically to formulate recommendations for clear, objective abatement standards. The county board organized the committee in response to a large number of abatement requests and a significant amount of time spent by the assessor’s office processing abatements. Since implementing the policy in 1992, the county has reduced its overall volume of abatements as well as the time necessary to process each abatement.

To apply for an abatement, Ramsey County’s policy requires that property owners first file an appeal with the county board of equalization. (Ramsey County has no local boards of review.) Additionally, the county has a stipulation that requires property owners to demonstrate their property’s value with data from a recent sale or an appraisal. The county accepts abatement requests filed for taxes due in the current payable year only except for abatements due to clerical errors or hardship, which it accepts for the current as well as the two prior years.

While the value stipulation has been in effect since the early 1980s, the county board formally adopted the abatement policy in 1990 and implemented it in 1992. With the combined approach of requiring property owners to (1) demonstrate the overvaluation of their property and (2) appeal to the board of equalization, the county has seen nearly a 30 percent reduction in the number of abatements filed since implementing its abatement policy. Although assessment staff were initially worried that requiring a board appearance might generate an influx of additional appeals to the board, such an increase did not occur.

Because Ramsey County has a countywide assessment system that centralizes the flow of information and questions, implementing the abatement policy was perhaps easier than it might be in other counties. Based on Ramsey County’s experience, public awareness is essential for an effective abatement policy. The county highlighted the abatement policy change on valuation notices and made appropriate revisions in its public brochures and information sheets. Additionally, the office allowed a one-year grace period that permitted property owners who did not appear before a county board of equalization to apply for an abatement. Implementing the abatement policy required time to develop and adopt the policy and money to publicize it. Although staff do not have a precise estimate of the resources used to implement the policy, they believe the time saved through the reduction in abatement requests made the process worthwhile.

For more information contact:

Brian Ducklow
Ramsey County Assessor
(612)266-2103

or

Richard Simmer
Assistant Manager of Assessment Services
(612)266-2106

Memorandum to Legislature

APPENDIX A

Note: The Legislative Auditor's Office sent the following memorandum to the Minnesota Legislature along with copies of this best practices review.

MEMORANDUM

Date: May 1996

To: Members
Legislative Audit Commission
House Taxes Committee
Senate Taxes and Tax Laws Committee

From: Legislative Auditor's Office

Subj: *Minnesota's System of Property Assessments: Structure and Appeals*
Items for Legislative Consideration

As you may know, we recently released a "best practices" review of *Minnesota's Property Assessment System: Structure and Appeals*. The review identified numerous good ideas for improving the way local governments structure their property assessment activities and conduct appeals of assessments. The review was mainly addressed to local government officials, but in conducting our review we noted several issues that deserve attention from the Legislature.

This memo outlines three issues: (1) the small yet troubling number of local governments that do not fulfill their statutory obligations as boards of review; (2) the lack of minimum guidelines in computerization of assessment work; and (3) the difficulty some assessors face estimating values of income-producing properties. We discuss each of these issues below.

LOCAL GOVERNMENTS THAT DO NOT HAVE ACTIVE BOARDS OF REVIEW

Local boards of review are integral to Minnesota's system of appealing property assessments, and most perform their function well. But some boards are essentially passive and rely on assessors to make key decisions. Others do not meet because they fail to garner a quorum of members, and a few are not even aware they constitute a board of review.

In areas where local governments place a low priority on their board of review function, property owners might be better served by local governments delegating their board of review authority elsewhere. The state has given local jurisdictions in one county, Dakota County, the option of transferring the city or township board of review authority to the county board of equalization. We think that:

- **The Legislature should consider allowing Minnesota cities and townships with inactive boards of review to delegate their powers and duties as boards of review to the county board of equalization or a local board authorized to represent multiple cities or townships.**

LACK OF MINIMUM GUIDELINES FOR COMPUTERIZATION

Many local jurisdictions participate in cooperative computer arrangements, which allow them to enjoy the advantages of computerization without each community assuming the full expense of designing information systems and programming and updating computer software. But we have some concerns about the development of computerized systems for assessment. Each computer consortium, and each jurisdiction with its own computer system, is developing a separate computer system to accomplish basically the same tasks. There is little interface among the different systems, and no guidelines exist to help assessors' offices decide what components would be useful for an effective system. This lack of minimum guidelines may increase the difficulty of providing high quality assessments that are uniform and equalized around the state.

For example, county assessors supply information needed for the Department of Revenue's annual assessment/sales ratio studies. They also process certificates of real estate value, verify and screen property sales, and participate in equalization discussions and actions through the state board of equalization. Yet the way county assessors perform these tasks and transmit the information to the state varies considerably, adding time and inefficiencies to the process.¹

Second, the "field cards" used by assessors to record property information vary from jurisdiction to jurisdiction, and the type and amount of data collected on properties also varies. To some degree this is necessary because of different property types and individual needs of assessment districts. Although we are not advocating the use of one field card format to meet all needs, a set of standard data elements on field cards would make it easier to collect comparable data that could be used for planning purposes, in community development, and for other governmental functions.

Finally, programs for "computer-aided assessments" and "computer-assisted mass appraisal" also vary. Variation is necessary because local needs differ and appraisal programs have to be designed to respond to these needs; a single computer-aided assessment program for all assessment jurisdictions across the state is not feasible. However, jurisdictions beginning or upgrading such programs have no guidelines on what components are essential in a system or what features have demonstrated optimal usefulness and effectiveness. Each jurisdiction currently has to rely on its own experience and on vendors to decide how to develop its system. Because software programs for these systems around the state do not have the same capabilities and assessors use them in varying degrees, it is unclear how these various systems affect the uniformity of the assessment from a state-wide perspective.

No one in Minnesota has comprehensively examined whether minimum operating capabilities or opportunities for linking systems would better meet the common assessment objectives in a more cost-effective manner. Nor has anyone determined what features computer systems should have for assessors' use. We conclude that:

- **The Legislature should establish a task force to evaluate the need for minimum statewide guidelines for computer systems used by assessors.**

¹ A report on the sales ratio study prepared for the Minnesota Department of Revenue recommended actions to improve computerized or electronic transmission of sales ratio data from counties to the state. See Almy, Glou demans, and Jacobs, *Final Report: Review of Sales Ratio Study Procedures* (St. Paul: April 20, 1995), 40-44.

The task force should include assessors who use the computer systems and computer analysts. It should consider whether standards or guidelines would be beneficial, analyze the costs of implementing such standards in light of computer system expenditures already made, determine how and when such standards or guidelines would be applied, and decide whether they would prove more economical and effective to the state and to county and local assessors.

The task force should also consider how to finance any standards that are determined to be beneficial and an appropriate timeline for their implementation. Finally, it should consider the role that independent, local assessors would play in a system more heavily dependent on computer-assisted appraisal.

DIFFICULTY IN ASSESSING INCOME-PRODUCING PROPERTIES

Estimating values for income-producing property, such as apartment buildings or commercial property, presents certain challenges not commonly found with some other classifications of property. The relative scarcity of sales of income-producing properties, particularly in rural Minnesota, means that assessors may not have sufficient information to assist in estimating the values of those kinds of properties. Previous attempts by the counties to collect such data resulted in mixed success. One problem was a lack of resources for gathering and maintaining data. Also, owners of income-producing properties are generally reluctant to provide income and expense data for fear of divulging proprietary information that could conceivably benefit their competitors. State statutes protect as private or nonpublic data certain information concerning income properties.²

Some assessors claim that the lack of access to income and expense data results in more cases being appealed to tax court. When a case reaches tax court, state law requires petitioners to submit income and expense data to the assessor.³ However, some assessors believe that if data were available earlier, some of the time and expense of tax court might be avoided. We conclude that:

- **The Legislature should consider a range of actions to improve the process of estimating values for income-producing properties. The costs and benefits of each action to both assessors and property owners should also be considered.**

The range of possible actions could include some combination of the following: (1) creating a statewide database of significant pending court cases to give assessors timely access to their colleagues' relevant experiences and ideas; (2) having the Department of Revenue maintain regionwide databases of income and expense data accessible by assessors; (3) developing pilot projects on different methods for handling tax court cases on lower-value, income-producing properties; (4) requiring petitioners to report income and expense data upon filing the petition when they bypass local boards of review and equalization; and (5) investigating alternatives to the "income approach" in instances when data needed to estimate values on income-producing property are unavailable.⁴

² *Minn. Stat.* §13.51, subd. 2. This protection applies to detailed income and expense figures for the current year plus the previous three years, average vacancy factors for the previous three years, verified net rentable areas, anticipated income and expenses for the current year, projected vacancy factor for the current year, and lease information.

³ *Minn. Stat.* §278.05, subd. 6. The statute requires the petitioner to supply income and expense figures, verified net rentable areas, and anticipated income and expenses for income-producing property within 60 days after filing a petition. Without the information, the court could dismiss the petition unless the information was not provided due to the unavailability of the evidence at that time.

⁴ In the "income approach" to estimating values, assessors convert the income stream of a building into an estimate of its value.

Survey Methodology and Results

APPENDIX B

We surveyed three separate populations for this review of property assessments: (1) assessors, (2) members of boards of review or equalization, and (3) taxpayers who appealed their property assessments. We conducted mail surveys of assessors and board members in October and November 1995 and a combination of mail surveys and telephone interviews of taxpayers in January and February 1996. Because we wanted data on an entire year's worth of assessment activities and expenditures but 1995 had not yet concluded at the time of our first surveys, we asked our respondents to provide answers for the 1994 calendar year.

SURVEYING ASSESSORS AND BOARD MEMBERS

We mailed surveys to county assessors in each of Minnesota's 87 counties, and to 118 larger cities (those with populations of at least 5,000), 100 smaller cities, and 100 townships. All county assessors responded to our survey. Because of the 100 percent response rate, sampling error does not exist for the county assessor survey. We stratified smaller cities and townships by geographic region, corresponding to the 13 economic development regions in the state, to ensure that our randomly drawn sample was representative of cities and townships around the state. We received a total of 273 surveys from local assessors for an 86 percent response rate. Results from the survey of local assessors has a margin of error of plus or minus 4 percentage points due to sampling error. In addition, the practical difficulties of conducting any opinion survey may introduce other sources of error into the results. This is true for all of the surveys we conducted.

We used the same set of counties, cities, and townships to conduct our survey of boards of review and

equalization members. For each of the local governments in our sample, we surveyed the chair or one other member of that jurisdiction's board of review or equalization. From members of county boards of equalization we received 73 responses for an 84 percent response rate. Our sample of board of equalization members has a margin of error of plus or minus 7 percentage points. The response rate from local boards of review was 80 percent. The sample of board of review members has a margin of error of plus or minus 5 percentage points.

SURVEYING PROPERTY OWNERS WHO APPEALED ASSESSMENTS

To gather opinions of property owners who had appealed their property assessments, we surveyed by mail two groups of people: those who appealed to their board of review in 1994, and those who went on to appeal before their county board of equalization that year. We began with the same 87 counties, 218 cities, and 100 townships we used in our earlier surveys.

Because of the difficulty collecting appellants' names, we used a stratified cluster sample of counties and of cities and townships to narrow the areas from which we would draw our sample. Local governments were stratified first by geographic region and then by number of appeals. We divided the state into four geographic regions — north, central, south, and metropolitan — as illustrated on the map in Appendix K. We grouped communities by number of appeals to reflect high, medium, and low appeal caseloads. This stratification ensured that our sample represented the state geographically as well as by number of appeals heard. From each of the stratum we randomly selected clusters of counties and clusters of cities and townships.

We then randomly selected individual property owners from among the names included in the minutes recorded at boards of review and equalization meetings held in our sample of local governments in 1994. Of the 328 surveys we mailed to people who appealed to county boards of equalization, 243 were returned in time for analysis, of which 239 were usable; this produced a 74 percent response rate. Of the 385 surveys mailed to people who appealed to local boards of review, 295 were returned in time for analysis, of which 275 were usable; this represents a 71 percent response rate. Both samples of appellants have margins of error of plus or minus 6 percentage points due to sampling.

In addition to the mailed survey, we interviewed property owners who filed petitions in Minnesota Tax Court. We randomly selected 12 petitions from approximately 84 that went to trial in 1994. We successfully completed 11 telephone interviews with these appellants. Our sample included cases from around the state and represented a mix of property types. Although these interviews of tax court appellants were not representative of all persons who filed court petitions, they gave us a richer understanding of why property owners go to Tax Court and the process for filing petitions. In addition to the appellants, we interviewed three attorneys with extensive tax court experience.

The remaining pages of this appendix include results from our surveys of assessors. Readers interested in survey results of either board of review and equalization members or appellants may contact the Legislative Auditor's Office at 658 Cedar Street, St. Paul, MN 55155 or call the office at 612/296-4708.

Office of the Legislative Auditor

Best Practices Reviews: Minnesota's System of Property Assessments

Survey of County Assessors

Thank you for answering this survey. Because we want to focus on a full year's worth of assessment activity, the questions pertain to the 1994 calendar year. Direct questions about the survey to Jody Hauer at 612/296-4708.

*Please return the completed survey in the enclosed postage-paid envelope by **October 16, 1995.***

1. Respondent's Name _____
2. Position _____
3. Jurisdiction _____
4. Phone number _____

ORGANIZATIONAL STRUCTURE AND WORKLOAD

This section of the survey deals with the organization of assessment services in your county.

5. Do you have a countywide assessment system whereby the county assessor and his deputies are responsible for assessing the value of all property in the county?

Number	Percent	
64	73.6%	No
23	26.4	Yes (If yes, go to question 10 on next page.)

Questions 6 through 9 apply only to counties without countywide assessment systems.

6. If you do not have a countywide assessment system, how many of the cities, townships, and unorganized territories in your county are assessed by the county assessor and staff and how many by local assessors?

Sum		
(N = 64)	Percent	
968	44.2%	Number of cities, townships, and unorganized territories assessed by county assessor
1,221	55.8	Number of cities, townships, and unorganized territories assessed by local assessors
2,189		TOTAL number of cities and townships in county

7. Of the cities, townships, and unorganized territories your office assesses, how many have contracts with your office for assessment services?

Sum		
(N = 63)	Percent	
588	60.9%	Number with contracts for service
377	39.1	Number receiving assessment services without contracts
--	--	Not applicable

8. Of the cities and townships assessed by local assessors, how many have at least one full-time assessor or on staff or on contract?

Sum (N=62)	Percent	
120	9.8%	Number with at least one full-time assessor
--	--	Unknown

9. How many cities and townships with local assessors contract for their assessment work?

Sum (N=60)	Percent	
993	81.3%	Number of cities and townships with local assessors that contract
--	--	Unknown

10. How many total parcels of real property were there in your county (assessed by either the county or local assessor) in 1994?

Total Number of Parcels	Median Number of Parcels	
2,287,958	14,739	TOTAL number of parcels in county (n = 87)
1,316,619	10,228.5	Land and buildings (n = 64)
523,155	5,506	Land only (n = 64)

11. How many parcels of the following classifications of property was your office responsible for assessing in 1994 (excluding parcels assessed by local assessors)?

Total Number of Parcels	Median Number of Parcels	
824,726	4,655.5	Number of residential, 1 to 3 units (n = 82)
12,188	44	Number of apartments, 4 or more units (n = 82)
218,061	2,027.5	Number of agricultural (n = 82)
71,502	500	Number of commercial-industrial (n = 82)
120,579	102.5	Number of seasonal residential recreational (n = 82)
2,489	0	Number of lakeshore resorts (n = 82)
109,578	209	Number of all other property (n = 83)
1,454,926	9,641.5	TOTAL number of parcels for which the county assessor's office was responsible (n = 86)

12. We would like to know the distance in miles from your courthouse office to the farthest points where your office appraises property. What percent of the parcels your office appraised in 1994 do you estimate fall within the following distances?

		Share of Parcels								No Response	
		Up to 25% of parcels		26-50% of parcels		51-75% of parcels		76% or more of parcels			
		Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
a.	1-24 miles	8	9.2%	14	16.1%	16	18.4%	38	43.7%	11	12.6%
b.	25-49 miles	29	33.3	18	20.7	5	5.7	4	4.6	31	35.6
c.	50-75 miles	14	16.1	2	2.3	--	--	--	--	71	81.6
d.	More than 75 miles	5	5.7	1	1.1	--	--	--	--	81	93.1
e.	Not applicable	1	1.1	--	--	--	--	--	--	86	98.9

13. How many parcels of property did you and your staff appraise in 1994?

Total Number of Parcels	Median Number of Parcels	Number of parcels appraised in 1994 (n = 83)
601,620	4,772	

14. Of the improved land and buildings your office viewed in your 1994 assessments, what percent do you estimate received interior observations? (Check one box.)

	0-20%		21-40%		41-60%		60-80%		80-100%	
	#	%	#	%	#	%	#	%	#	%
a. Percent receiving interior observations	10	11.5%	37	42.5%	14	16.1%	10	11.5%	11	12.6%
b. Not applicable	5	5.7%								

15. How frequently does your county adjust all parcels' value (not only parcels appraised in a year or in the quartile)?

Annually		Every Two Years		Every Three Years		Every Four Years		N/A	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
80	92.0%	3	3.4%	1	1.1%	2	2.3%	1	1.1%

16. How does your office adjust values of property not in the quartile? (Check the appropriate boxes for each property class.)

	Class of Parcels									
	Residential		Commercial-Industrial		Apartments		Agricultural		Seasonal Recreational	
	#	%	#	%	#	%	#	%	#	%
(n = 87)										
a. By applying a flat percentage or dollar change to all parcels	9	10.3%	5	5.7%	5	5.7%	11	12.6%	6	6.9%
b. By applying a flat percentage or dollar change to all parcels within a property classification	23	26.4	22	25.3	20	23.0	29	33.3	19	21.8
c. By applying a percentage or dollar amount that varies according to type of construction	11	12.6	7	8.0	7	8.0	7	8.0	8	9.2
d. By applying a percentage or dollar amount that varies according to neighborhood	40	46.0	20	23.0	15	17.2	20	23.0	27	31.0
e. By applying a percentage or dollar amount that varies according to value of the parcel	12	13.8	3	3.4	2	2.3	4	4.6	5	5.7
f. By applying a percentage or dollar amount that varies according to the year of last appraisal	3	3.4	3	3.4	2	2.3	2	2.3	3	3.4
g. By comparing current sales with those of prior year sales	20	23.0	14	16.1	14	16.1	15	17.2	12	13.8
h. By comparing current year sales with prior year assessments	66	75.9	57	65.5	48	55.2	62	71.3	51	58.6
i. By applying revised cost schedules	45	51.7	36	41.4	26	29.9	34	39.1	35	40.2
j. Other (Specify.) _____	6	6.9	7	8.0	23	26.4	6	6.9	6	6.9
k. Not applicable	3	3.4	4	4.6	4	4.6	3	3.4	10	11.5

Note: We received responses from county assessors in all 87 counties.

APPEALS AND ABATEMENT PROCESSES

This section of the survey focuses on the system your county uses for appeals and abatements.

17. Do your county commissioners serve as the board of equalization or do they appoint a special board?

Number	Percent		
82	94.3%	a.	County commissioners serve as board of equalization (Go to question 21.)
5	5.7	b.	County commissioners appoint a special board

(n = 87)

*Questions 18 through 20 apply only to counties with **appointed** special boards of equalization.*

18. How many members are appointed to your county’s special board (excluding the county auditor)?

Five		Six		Seven		Eight		Nine		Ten		Other	
Among those with appointed boards:													
#	%	#	%	#	%	#	%	#	%	#	%	#	%
--	--	--	--	4	80.0%	--	--	--	--	1	20.0%	--	--

(Specify.) _____

19. Of those appointed in 1994, what share was either an appraiser, realtor, or other person familiar with property valuations in the county?

1 to 25%		26 to 50%		51 to 75%		76 to 100%	
Among those with appointed boards:							
Number	Percent	Number	Percent	Number	Percent	Number	Percent
--	--	--	--	2	40.0%	3	60.0%

20. What compensation do the appointed members receive?

Among those with appointed boards:

Number	Percent	
--	--	a. Members do not receive compensation
--	--	b. Travel expenses only
--	--	c. Travel and meal expenses
1	20.0%	d. Per diem
4	80.0	e. Expenses and per diem
--	--	f. Salary
--	--	g. Other (Specify.) _____

Questions 21 through 24 pertain to property owner questions on value or classification that your office received but that were not heard by the 1994 local board of review.

21. How many parcels representing owners dissatisfied with their value or classification did your office handle in 1994 prior to the meeting of the local board of review (or prior to the county board of equalization in counties without local boards)?

Total Number of Parcels	Median Number of Parcels	
19,894	130	Number of parcels (n = 48)
--	--	Unknown

Note: We received responses from county assessors in all 87 counties.

22. Of these parcels representing dissatisfied property owners, what percent do you estimate your office resolved prior to the 1994 local board of review?

0 to 25%		26 to 50%		51 to 75%		76 to 100%		Unknown		(n = 87)
<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	
8	9.2%	4	4.6%	13	14.9%	47	54.0%	15	17.2%	

23. How many staff-hours would you estimate your office spent in resolving value and classification questions prior to the local board of review in 1994 (not including appeals that actually went to the board)?

<u>Total Number of Staff Hours</u>	<u>Median Number of Staff Hours</u>	
29,498	100	a. Number of staff-hours (n = 49)
--	--	b. Unknown

24. How satisfied are you with the overall fairness and ease for your office of the process for handling property owners' questions prior to the local board of review?

Very Satisfied		Moderately Satisfied		A Little Satisfied		Moderately Dissatisfied		Very Dissatisfied		No Response		(n = 87)
<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	
44	50.6%	30	34.5%	3	3.4%	6	6.9%	3	3.4%	1	1.1%	

Comments:

Questions 25 through 32 pertain to local boards of review. If your county does not have local board, go to question 33.

25. How many appeals did local boards of review in your county hear in 1994?

<u>Total Number of Appeals</u>	<u>Median Number of Appeals</u>	
15,458	102	a. Number of appeals (n = 85)
--	--	b. Unknown
--	--	c. Not applicable

26. We would like to know whether 1994 was a typical year in terms of the number of appeals heard by local boards of review. How does the number of appeals in 1994 compare to the average number heard by local boards in the previous four years (1990-1993)?

<u>Number</u>	<u>Percent</u>		(n = 85)
54	63.5%	a. Four-year average was approximately the same as appeals in 1994	
5	5.9	b. Four-year average was less than 25% higher than appeals in 1994	
7	8.2	c. Four-year average was between 25 and 75% higher than appeals in 1994	
2	2.4	d. Four-year average was more than 75% higher than appeals in 1994	
7	8.2	e. Four-year average was less than 25% lower than appeals in 1994	
9	10.6	f. Four-year average was between 25 and 75% lower than appeals in 1994	
--	--	g. Four-year average was more than 75% lower than appeals in 1994	
1	1.2	h. Unknown	
--	--	i. Not applicable	

Note: We received responses from county assessors in all 87 counties.

27. How many of the appeals before local boards of review in 1994 were for parcels of residential, apartment, commercial, seasonal recreational, or agricultural property?

Total Number of <u>Appeals</u>	Median Number of <u>Appeals</u>	
7,169	46	a. Number of residential appeals (n = 77)
67	0	b. Number of apartment appeals (n = 77)
557	4	c. Number of commercial-industrial appeals (n = 77)
2,206	2	d. Number of seasonal recreational residential appeals (n = 77)
2,218	22	e. Number of agricultural appeals (n = 77)
536	0	f. Number of other appeals (n = 76)
15,458	102	g. TOTAL number of appeals (n = 85)
--	--	h. Unknown
--	--	i. Not applicable

28. Of the total number of appeals heard by local boards of review, how many were approved in 1994?

Total Number of <u>Appeals</u>	Median Number of <u>Appeals</u>		
5,593	30	a. Number approved (Some reduction in value or classification change)	(n = 83)
9,542	70	b. Number denied (Value held or raised)	
--	--	c. Not applicable	

29. How many staff-hours would you estimate your office spent in preparation and consideration of appeals that actually went to local boards of review in 1994?

Total Number of <u>Staff Hours</u>	Median Number of <u>Staff Hours</u>	
20,858	100	a. Number of staff-hours (n = 48)
--	--	b. Unknown
--	--	c. Not applicable

30. What was the total percent change in market value resulting from appeals approved by local boards of review in 1994?

Average Percent <u>Change</u>	Median Percent <u>Change</u>	
0.135%	0.031%	a. Percent change in value (n = 52)
--	--	b. Unknown
--	--	c. Not applicable

31. How satisfied are you with the overall fairness and ease for your office of the local board of review process?

Very Satisfied		Moderately Satisfied		A Little Satisfied		Moderately Dissatisfied		Very Dissatisfied		Not Applicable		
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
21	25.6%	37	45.1%	9	11.0%	7	8.5%	8	9.8%	--	--	(n = 82)

Comments:

32. Of the total number of local review boards in your county, what share met in 1994 with a quorum of members?

None		1-25%		26-50%		51-75%		76-99%		All Cities and Towns		Not Applicable		Unknown		(n = 86)
#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
--	--	1	1.2%	--	--	6	7.0%	33	38.4%	45	52.3%	--	--	1	1.2%	

Questions 33 through 42 pertain to county boards of equalization.

33. For what share of the cities, towns, or unorganized territories in your county does the county board of equalization perform the duties of the local board of review?

No Cities or Towns		1-25%		26-50%		51-75%		76-99%		All Cities, Towns, and Unorganized Territories		Not Applicable		Unknown		No Response	
#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
59	67.8%	10	11.5%	3	3.4%	--	--	1	1.1%	9	10.3%	3	3.4%	1	1.1%	1	1.1%

34. How many appeals did the board of equalization hear in 1994?

Total Number of Appeals	Median Number of Appeals	Number of appeals (n = 87)
1,356	5.0	

35. We would like to know whether 1994 was a typical year in terms of the number of appeals. How does the number of appeals before the board in 1994 compare to the average number of appeals over the prior four years (1990 through 1993)?

Number	Percent		(n = 87)
56	64.4%	a. Four-year average was approximately the same as appeals in 1994	
7	8.0	b. Four-year average was less than 25% higher than appeals in 1994	
9	10.3	c. Four-year average was between 25 and 75% higher than appeals in 1994	
2	2.3	d. Four-year average was more than 75% higher than appeals in 1994	
3	3.4	e. Four-year average was less than 25% lower than appeals in 1994	
7	8.0	f. Four-year average was between 25 and 75% lower than appeals in 1994	
2	2.3	g. Four-year average was more than 75% lower than appeals in 1994	
1	1.1	h. Unknown	
--	--	i. Not applicable	

36. How many of the equalization board's appeals in 1994 were for parcels of residential, apartment, commercial, seasonal recreational, or agricultural property?

Total Number of Appeals	Median Number of Appeals	
529	3	a. Number of residential appeals (n = 76)
22	0	b. Number of apartments appeals (n = 76)
113	1	c. Number of commercial-industrial appeals (n = 76)
260	0	d. Number of seasonal recreational appeals (n = 76)
135	1	e. Number of agricultural appeals (n = 76)
46	0	f. Number of other appeals (n = 76)
1,356	5	g. TOTAL number of appeals (n = 87)

Note: We received responses from county assessors in all 87 counties.

37. Of the appeals heard by the 1994 board of equalization, how many were approved and how many were denied?

Total Number of <u>Appeals</u>	Median Number of <u>Appeals</u>	(n = 77)
560	2	a. Number approved (Some reduction in value or classification change)
777	4	b. Number denied (Value held or raised)

38. How many staff-hours would you estimate your office spent in preparation and consideration of appeals heard by the 1994 board of equalization?

Total Number of <u>Staff Hours</u>	Median Number of <u>Staff Hours</u>	a. Number of staff-hours (n = 63)
7,508	35	b. Unknown
--	--	

39. What was the total percent change in the county's estimated market value resulting from the appeals approved by the county board of equalization in 1994?

Average Percent <u>Change</u>	Median Percent <u>Change</u>	a. Percent change in county's estimated market value (n = 64)
0.098%	0%	b. Unknown
--	--	

40. How many days (or partial days) did the board of equalization meet in 1994?

One	Two	Three	Four	Five	Between 6 and 10	Other (Specify)	(n = 86)
<u>#</u> <u>%</u>	<u>#</u> <u>%</u>	<u>#</u> <u>%</u>	<u>#</u> <u>%</u>	<u>#</u> <u>%</u>	<u>#</u> <u>%</u>	<u>#</u> <u>%</u>	
51 59.3%	27 31.4%	2 2.3%	-- --	2 2.3%	2 2.3%	2 2.3%	

41. Is this more or fewer days than the average number of days the board met in the previous four years (from 1990 to 1993)?

<u>Number</u>	<u>Percent</u>	a. Four-year average was the same number of days as in 1994	(n = 87)
78	89.7%	b. Four-year average was one or two days higher than in 1994	
3	3.4	c. Four-year average was one or two days lower than in 1994	
4	4.6	d. Four-year average was three or more days higher than in 1994	
--	--	e. Four-year average was three or more days lower than in 1994	
2	2.3	f. Unknown	

42. How satisfied are you with the overall fairness and ease for your office of the board of equalization process?

Very Satisfied	Moderately Satisfied	A Little Satisfied	Moderately Dissatisfied	Very Dissatisfied	(n = 87)
<u>Number</u> <u>Percent</u>	<u>Number</u> <u>Percent</u>	<u>Number</u> <u>Percent</u>	<u>Number</u> <u>Percent</u>	<u>Number</u> <u>Percent</u>	
41 47.1%	27 31.0%	9 10.3%	6 6.9%	4 4.6%	

Comments:

Questions 43 through 47 pertain to Minnesota Tax Court appeals.

43. How many staff-hours would you estimate your office spent on Tax Court appeals in 1994?

Total Number of <u>Staff Hours</u>	Median Number of <u>Staff Hours</u>	
29,787	40	a. Number of staff-hours (n = 75)
--	--	b. Unknown

44. How many Tax Court appeals did your office work on in 1994? (Include work you did on cases filed in 1994 as well as work done in 1994 on cases filed earlier.)

Total Number of <u>Appeals</u>	Median Number of <u>Appeals</u>	
5,022	2	a. Number of Tax Court appeals worked on (n = 83)
--	--	b. Unknown
--	--	c. Not applicable

45. How does the number of Tax Court appeals on which your office worked in 1994 compare to the average number of appeals worked on annually over the prior four years (1990 through 1993)?

<u>Number</u>	<u>Percent</u>	
46	54.8%	a. Four-year average was approximately the same as appeals in 1994
4	4.8	b. Four-year average was less than 25% higher than appeals in 1994
1	1.2	c. Four-year average was between 25 and 75% higher than appeals in 1994 (n = 84)
3	3.6	d. Four-year average was more than 75% higher than appeals in 1994
7	8.3	e. Four-year average was less than 25% lower than appeals in 1994
12	14.3	f. Four-year average was between 25 and 75% lower than appeals in 1994
2	2.4	g. Four-year average was more than 75% lower than appeals in 1994
2	2.4	h. Unknown
7	8.3	i. Not applicable

46. What was the total change in the county's estimated market value resulting from Tax Court appeals resolved in 1994?

<u>Average</u>	<u>Median</u>	
0.141	0%	a. Percent change in market value (n = 61)
--	--	b. Unknown

47. How satisfied are you with the overall fairness and ease for your office of appeals handled through the Tax Court?

Very Satisfied		Moderately Satisfied		A Little Satisfied		Moderately Dissatisfied		Very Dissatisfied		
<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	
6	8.5%	13	18.3%	15	21.1%	21	29.6%	16	22.5%	(n = 71)

Comments:

Questions 48 through 55 pertain to abatements in 1994.

48. How many abatement applications did your county receive in 1994?

Total Number of <u>Applications</u>	Median Number of <u>Applications</u>	
5,188	10	a. Number of abatements for homestead changes (n = 83)
2,189	5	b. Number of abatements for value changes (n = 83)
2,116	3	d. Number of other abatement applications (n = 82)
9,545	24	e. TOTAL number of abatement applications (n = 83)

49. Of the total number of abatement applications your office received in 1994, how many were approved (by the assessor, auditor, and county board)?

Total Number of <u>Abatements</u>	Median Number of <u>Applications</u>	(n = 82)
10,675	22.5	a. Number of abatements approved
296	1.0	b. Number of abatements denied

50. What change in property value did the abatements approved in 1994 represent?

Average Percent <u>Change</u>	Median Percent <u>Change</u>	
0.514%	0.002%	a. Percent of property value abated (n = 55)
--	--	b. Unknown

51. How many staff-hours would you estimate your office spent on considering and processing abatements in 1994?

Total Number of <u>Staff Hours</u>	Median Number of <u>Staff Hours</u>	
28,092	30	a. Number of staff-hours (n = 66)
--	--	b. Unknown

52. Does your county board have an explicit policy on considering and granting abatements?

<u>Number</u>	<u>Percent</u>		(n = 87)
19	21.8%	a. No	
55	63.2	b. Yes (<i>If yes, please attach a copy to the completed survey.</i>)	
13	14.9	c. County is currently considering a policy on abatements.	

53. County boards may consider abatements for the two years prior to the current year if the application is due to (a) clerical errors or (b) the taxpayer failing to file because of hardship, as determined by the board. Has your county board defined "hardship"?

<u>Number</u>	<u>Percent</u>		(n = 84)
71	84.5%	a. No	
10	11.9	b. Yes	
3	3.6	c. County board is in the process of defining hardship.	

54. Is it your county's policy to allow abatement requests for the two prior years due to hardship?

<u>Number</u>	<u>Percent</u>		(n = 76)
46	60.5%	a. No, the county does not consider abatement requests due to hardship	
30	39.5	b. Yes, the county considers abatement requests due to hardship	

55. How satisfied are you with the overall fairness and ease for your office of the abatement process?

Very Satisfied		Moderately Satisfied		A Little Satisfied		Moderately Dissatisfied		Very Dissatisfied		(n = 85)
<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	
30	35.3%	44	51.8%	2	2.4%	8	9.4%	1	1.2%	

Comments:

ASSESSMENT PRACTICES

This section deals with methods your county uses when assessing property.

56. Does your county use computer-assisted mass appraisal?

<u>Number</u>	<u>Percent</u>		(n = 87)
21	24.1%	a. No	
38	43.7	b. Yes	
28	32.2	c. The county is in the process of developing a computer-assisted mass appraisal system	

57. For which of the following tasks does your office use computers? (Check all that apply.)

<u>Number</u>	<u>Percent</u>		(n = 87)
60	69.0%	a. In the appraisal process	
86	98.9	b. To generate valuation notices	
86	98.9	c. To produce assessment rolls	
76	87.4	d. To record property sales	
77	88.5	e. To conduct sales ratio studies	
28	32.2	f. Other (<i>Specify.</i>) _____	
--	--	g. We do not use computers	

58. Does your county use a land information system (LIS) or geographic information system (GIS) to assist in your assessments?

<u>Number</u>	<u>Percent</u>		(n = 87)
55	63.2%	a. No	
12	13.8	b. Yes	
20	23.0	c. The county is in the process of developing a LIS or GIS system	

59. Does your county have a complete set of assessment maps showing the size, shape, and location of parcels?

<u>Number</u>	<u>Percent</u>		(n = 87)
10	11.5	a. No set of maps	
25	28.7	b. Incomplete set	
19	21.8	c. Nearly complete set	
33	37.9	d. Complete set	

Note: We received responses from county assessors in all 87 counties.

60. Does your county have adequate equipment and training to perform your assessment duties?

Number	Percent		
63	73.3%	a. Adequate equipment and adequate training	(n = 86)
1	1.2	b. Adequate equipment but inadequate training	
18	20.9	c. Inadequate equipment and adequate training	
4	4.7	d. Inadequate equipment and inadequate training	
--	--	e. Not applicable	

61. Does your office notify property owners in advance of visiting the parcels in your quartile?

Number	Percent		
62	72.9%	a. No advance notification	(n = 85)
3	3.5	b. Yes, with notices in local newspapers	
8	9.4	c. Yes, with notices mailed to property owners	
6	7.1	d. Yes, by other means (<i>Specify.</i>) _____	
6	7.1	e. More than one response	

62. Which of the following pieces of information does your office include on property valuation notices (in addition to that which is required by statute such as market value, limited market value, "this old house" value, etc.)? (Check all that apply.)

Number	Percent		
23	26.4%	a. Non-technical summary of the methods used to assess property	(n = 87)
72	82.8	b. Procedures for appealing property value with assessor	
82	94.3	c. Procedures for appealing value with local board of review	
83	95.4	d. Procedures for appealing value with county board of equalization	
81	93.1	e. Procedures for appealing value with tax court	
2	2.3	f. Sales ratio information	
15	17.2	g. Distinction between value notice and tax bill	
14	16.1	h. Explanation of how value is related to tax bill	
3	3.4	i. Description of how tax bills are calculated	
20	23.0	j. Definitions of uncommon terms	
67	77.0	k. Contact phone numbers for people with questions	
6	6.9	l. Other (<i>Specify.</i>) _____	

PERSONNEL AND RESOURCES

This section of the survey deals with your county's level of staffing and other resources.

63. How many assessors/appraisers in the following licensure categories were on your staff in 1994 (in full-time equivalents or FTEs)?

Total Number of Staff	Median Number of Staff		
255	2	a. Certified Minnesota Assessor	(n = 87)
26	0	b. Certified Minnesota Assessor Specialist	
38	0	c. Accredited Minnesota Assessor	
143.4	1	d. Senior Accredited Minnesota Assessor	
9.4	0	e. Other assessors	
472	4	f. TOTAL FTE assessors	

64. What number of other FTE staff did you employ in 1994 to perform the functions of administration, data processing, mapping and drafting, clerical, and other support services? (Do not double-count employees you reported in Question 63, even if they performed some of these functions.)

Total Number of <u>FTE Staff</u>	Median Number of <u>FTE Staff</u>	
254.6	1.8	Number of FTE staff (n = 85)

65. Of the total time spent by you and your staff in 1994 on assessment duties, what do you estimate is the percent of time spent on the following tasks?

Average Percent of Time	Median Percent of Time		
33.4	34.5%	a. Mass property appraisal of existing properties	
10.5	10.0	b. Appraisal of new construction and remodeling	
1.5	1.0	c. Rent and lease analysis	
7.8	5.0	d. Sales ratio analysis	(n = 86)
17.3	15.0	e. Administration	
10.2	10.0	f. Homestead classification	
0.4	0.0	g. Special assessments	
7.2	5.0	h. Examination of local assessors' work	
8.3	5.0	i. Reviewing assessments and defending appeals	
1.9	1.0	j. Considering and deciding abatements	
1.7	0	k. Other (<i>Specify.</i>) _____	
	100%	TOTAL	

66. What do you estimate your office spent in 1994 on assessment services? Include the expenses listed in items b. through j. below. (Check the box of any item(s) that your expenditure estimate does not include.)

<u>Total</u> \$25,880,417	<u>Median</u> \$187,500	a. Total expenditures	(n = 83)	
				Not Included In Estimate
				<u>Number</u> <u>Percent</u>
		b. Salaries and benefits		1 1.2%
		c. Supplies (e.g., office and car supplies, mapping, printing, mailing, data processing supplies)		1 1.2
		d. Contract services		15 18.0
		e. Travel		1 1.2
		f. Training		2 2.4
		g. Insurance		19 22.9
		h. Data entry and processing		17 20.4
		i. Office building use and maintenance (e.g., space rental, utilities)		59 71.0
		j. Other current expenditures (excluding capital expenses for furniture, office equipment, computers, cars, land, and other capital purchases).		13 15.7

Note: We received responses from county assessors in all 87 counties.

67. We would like to know whether 1994 was an atypical year in terms of your expenditures. Did any unusual circumstances substantially affect any of the expense items you included in your 1994 expenditures estimate?

Number	Percent		(n = 85)
77	90.6%	a. No	
8	9.4	b. Yes (<i>Specify.</i>) _____	

68. What information do you want or need in your jurisdiction regarding property assessment organization, appeals, or abatements in other Minnesota jurisdictions?

69. What innovations or effective methods do you employ, or would like to employ, to improve the organization of property assessment services, the appeals process, or the abatements process?

70. Do you have any additional comments?

Thank you for answering this survey!

The Office of Legislative Auditor will use the survey information to generate a report on best practices in the organizational structure, appeals process, and abatements of Minnesota's systems of property assessment.

Have you attached a copy of your policy on considering and granting abatements, if such a policy exists?

a. No b. Yes c. County does not have a policy on abatements

Send this completed form and attachments in the postage-paid envelope **by October 16 to:**

**Legislative Auditor's Office
658 Cedar Street
St. Paul, MN 55155**

OR fax to 612/296-4712.

Office of the Legislative Auditor

Best Practices Reviews: Minnesota's System of Property Assessments Survey of City and Local Assessors

Thank you for answering this survey. Because we want to focus on a full year's worth of assessment activity, the questions pertain to the 1994 calendar year. Please answer for assessment services provided only in the jurisdiction on the mailing label below, even if you assessed other cities or townships in 1994. Direct questions about the survey to Jody Hauer at 612/296-4708.

*Please return the completed survey in the enclosed postage-paid envelope **October 18, 1995.***

1. Respondent's Name _____
2. Position _____
3. Jurisdiction _____
4. Phone number _____

ORGANIZATIONAL STRUCTURE AND WORKLOAD

This section of the survey deals with the organization of assessment services in this city or township.

5. Does this jurisdiction have its assessment services provided by either the county, a city, or a local assessor by contract, or does it have its own assessors on staff? (n = 273)

Number	Percent	
187	68.5%	a. County assessor's office provides the service
0	0	b. Another city assessor's office provides the service
56	20.5	c. Contract with a local assessor (If you contract with a local assessor, please forward the survey to the assessor with whom you contract, if this has not already been done, and go to Question 6.)
30	11.0	d. Own assessors on staff (If the jurisdiction has its own assessors on staff, go to Question 6.)

If you use a county or other city assessor, you may stop here and return the survey in the enclosed envelope. Thank you for your cooperation.

6. How many parcels of the following classifications of property were in this jurisdiction in 1994? (Do not include parcels outside this jurisdiction even if you assessed other cities or townships in 1994.)

Total Parcels	Median Parcels	
410,440	729	a. Number of residential, 1 to 3 units (n = 76)
7,517	3	b. Number of apartments, 4 or more units (n = 76)
7,693	34	c. Number of agricultural (n = 77)
24,765	41	d. Number of commercial-industrial (n = 78)
2,049	0	e. Number of seasonal residential recreational (n = 78)
162	0	f. Number of lakeshore resorts (n = 77)
43,697	40	g. Number of all other property (n = 75)
500,455	1,900	h. TOTAL number of parcels for which you and your office were responsible (n = 77)

7. How many parcels of property did you and your staff appraise in 1994 (including your quartile for that year and any other parcels you appraised)?

Total Parcels 159,838 Median Parcels 600 Number of parcels appraised in 1994 (n = 75)

8. Of the improved land and buildings you and your office viewed in your 1994 assessments, what percent do you estimate received interior observations? (Check one box.)

	(n = 81)		0-20%		21-40%		41-60%		60-80%		80-100%	
	#	%	#	%	#	%	#	%	#	%	#	%
a. Percent receiving interior observations	13	16.0%	29	35.8%	25	30.9%	7	8.6%	5	6.2%		
b. Not applicable	2	2.5%										

9. How frequently do you and your office adjust all parcels' value (not only parcels appraised in a year or in the quartile)?

	Annually		Every Two Years		Every Three Years		Every Four Years		(n = 77)
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
	71	92.2%	2	2.6%	1	1.3%	3	3.9%	

10. How do you and your office adjust values of property not in the quartile? (Check the appropriate boxes for each property class.)

	(n = 86)		Class of Parcels									
			Residential		Commercial-Industrial		Apartments		Agricultural		Seasonal Recreational	
	#	%	#	%	#	%	#	%	#	%	#	%
a. By applying a flat percentage or dollar change to all parcels	7	8.1%	1	1.2%	0	0.0%	11	12.8%	2	2.3%		
b. By applying a flat percentage or dollar change to all parcels within a property classification	11	12.8	8	9.3	5	5.8	13	15.1	3	3.5		
c. By applying a percentage or dollar amount that varies according to type of construction	16	18.6	10	11.6	8	9.3	6	7.0	4	4.7		
d. By applying a percentage or dollar amount that varies according to neighborhood	30	34.9	14	16.3	10	11.6	14	16.3	10	11.6		
e. By applying a percentage or dollar amount that varies according to value of the parcel	9	10.5	2	2.3	1	1.2	2	2.3	0	0.0		
f. By applying a percentage or dollar amount that varies according to the year of last appraisal	3	3.5	3	3.5	3	3.5	3	3.5	0	0.0		
g. By comparing current sales with those of prior year sales	31	36.0	21	24.4	14	16.3	19	22.1	6	7.0		
h. By comparing current year sales with prior year assessments	45	52.3	37	43.0	29	33.7	28	32.6	17	19.8		
i. By applying revised cost schedules	41	47.7	33	38.4	27	31.4	28	32.6	16	18.6		
j. Other (Specify) _____	4	4.7	5	5.8	8	9.3	5	5.8	2	2.3		
k. Not applicable	1	1.2	4	4.7	3	3.5	8	9.3	13	15.1		

APPEALS AND ABATEMENT PROCESSES

This section of the survey focuses on the system your city or township uses for appeals and abatements.

Questions 11 through 14 pertain to property owner questions on value or classification that you and your office received but that were not heard by the 1994 local board of review.

11. How many parcels representing owners dissatisfied with their value or classification did you and your office handle in 1994 prior to the meeting of the local board of review?

Total Parcels	Median Parcels								(n = 80)
11,186	25	a.	Number of parcels						
		b.	Unknown	19	23.8%				

12. Of these parcels representing dissatisfied property owners, what percent do you estimate that you and your office resolved prior to the 1994 local board of review?

0 to 25%		26 to 50%		51 to 75%		76 to 100%		Unknown		(n = 77)
<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	
15	19.5%	4	5.2%	7	9.1%	43	55.8%	8	10.4%	

13. How many staff-hours would you estimate you and your office spent in resolving value and classification questions prior to the local board of review in 1994 (not including appeals that actually went to the board)?

Total Staff Hours	Median Staff Hours								(n = 80)
8,395	30	a.	Number of staff-hours						
		b.	Unknown	33	41.3%				

14. How satisfied are you with the overall fairness and ease for you and your office of the process for handling property owners' questions prior to the local board of review? (n = 78)

Very Satisfied		Moderately Satisfied		A Little Satisfied		Moderately Dissatisfied		Very Dissatisfied		Not Applicable		(n = 78)
<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	
42	53.8%	26	33.3%	3	3.8%	1	1.3%	5	6.4%	1	1.3%	

Comments:

15. Does your city council or township board serve as the board of review or do the council members appoint a special board?

<u>Number</u>	<u>Percent</u>	a.	Township board serves as board of review (Go to Question 19.)						(n = 82)
27	32.9%	b.	City council serves as board of review (Go to Question 19.)						
47	57.3	c.	City council appoints a special board (Go to Question 16.)						
8	9.8								

Note: We received responses from 273 communities for a response rate of 86 percent.

Questions 16 through 18 apply only to cities with **appointed** special boards of equalization.

16. How many members are appointed to your city's special board?

Three		Four		Five		Six		Seven		Eight		Nine		Other	
Among those who appoint a special board:															
#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
--	--	2	25.0%	4	50.0%	--	--	1	12.5%	--	--	1	12.5%	--	--
(Specify.) _____															

17. Of those appointed in 1994, what share was either an appraiser, realtor, or other person familiar with property valuations in the county?

1 to 25%		26 to 50%		51 to 75%		76 to 100%		(n = 7)
Number	Percent	Number	Percent	Number	Percent	Number	Percent	
--	--	--	--	3	42.9%	4	57.1%	

18. What compensation do the appointed members receive?

Number	Percent		
2	25.0%	a.	Members do not receive compensation
--	--	b.	Travel expenses only
--	--	c.	Travel and meal expenses
3	37.5	d.	Per diem
1	12.5	e.	Expenses and per diem
--	--	f.	Salary
2	25.0	g.	Other (Specify.) _____

(n = 8)

Questions 19 through 26 pertain to all jurisdictions with local boards of review.

19. Did your local board of review meet in 1994 with a quorum of members?

Number	Percent		
0	0.0%	a.	No
82	98.8	b.	Yes
1	1.2	c.	Not applicable

(n = 83)

20. How many appeals did your local board of review hear in 1994?

Total Appeals	Median Appeals		Number of Respondents	Percent	
1,338	6	a.	81	97.6%	(n = 83)
--	--	b.	2	2.4	
--	--	c.	0	0.0	

21. We would like to know whether 1994 was a typical year in terms of the number of appeals heard by your local board of review. How does the number of appeals in 1994 compare to the average number heard by the board over the previous four years (1990-1993)?

Number	Percent		
49	59.8%	a.	Approximately the same as appeals in 1994
4	4.9	b.	Less than 25% higher than appeals in 1994
9	11.1	c.	Between 25 and 75% higher than appeals in 1994
2	2.4	d.	More than 75% higher than appeals in 1994
7	8.5	e.	Less than 25% lower than appeals in 1994

(n = 82)

Note: We received responses from 273 communities for a response rate of 86 percent.

21. Continued . . .

<u>Number</u>	<u>Percent</u>	
5	6.1	f. Between 25 and 75% lower than appeals in 1994
2	2.4	g. More than 75% lower than appeals in 1994
2	2.4	h. Unknown
2	2.4	i. Not applicable

22. How many of the appeals before your local board of review in 1994 were for parcels of residential, a apartment, commercial, seasonal recreational, or agricultural property?

<u>Total Parcels</u>	<u>Median Parcels</u>	
1,066	5	a. Number of residential appeals (n = 79)
28	0	b. Number of apartment appeals (n = 77)
122	0	c. Number of commercial-industrial appeals (n = 78)
31	0	d. Number of seasonal recreational residential appeals (n = 77)
39	0	e. Number of agricultural appeals (n = 79)
24	0	f. Number of other appeals (n = 78)
1,310	6	g. TOTAL number of appeals (n = 83)
--	--	h. Unknown
--	--	i. Not applicable

23. Of the total number of appeals heard by your local board of review, how many were approved in 1994?

<u>Total Appeals</u>	<u>Median Appeals</u>	
691	3	a. Number approved (Some reduction in value or classification change) (n = 70)
643	5	b. Number denied (Value held or raised) (n = 71)
--	--	c. Not applicable (n = 13)

24. How many staff-hours would you estimate your office spent in preparation and consideration of appeals that actually went to your local board of review in 1994?

<u>Total Staff Hours</u>	<u>Median Staff Hours</u>	
3,040	16	a. Number of staff-hours (n = 37)
--	--	b. Unknown (n = 28)
--	--	c. Not applicable (n = 15)

25. What was the total percent change in market value resulting from appeals approved by your local board of review in 1994?

<u>Median Percent Change</u>	
.0023%	a. Percent change in value (n = 42)
--	b. Unknown (n = 26)
--	c. Not applicable (n = 11)

26. How satisfied are you with the overall fairness and ease for you and your office of the local board of review process?

Very Satisfied		Moderately Satisfied		A Little Satisfied		Moderately Dissatisfied		Very Dissatisfied		Not Applicable		(n = 81)
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
39	48.1%	29	35.8%	5	6.2%	1	1.2%	3	3.7%	4	4.9%	

Comments:

Questions 27 through 29 pertain to your involvement with the county board of equalization.

27. How many staff-hours would you estimate you and your office spent on appeals to the county board of equalization in 1994?

Total Staff Hours	Median Staff Hours	
1,098	0	a. Number of staff-hours (n = 40)
--	--	b. Unknown (n = 8)
--	--	c. Not applicable (n = 27)

28. On how many appeals to the board of equalization did you and your office work in 1994?

Total Appeals	Median Appeals	
261	0	a. Number of appeals (n = 44)
--	--	b. Unknown (n = 5)
--	--	c. Not applicable (n = 26)

29. How satisfied are you with the overall fairness and ease for your office of the board of equalization process?

Very Satisfied		Moderately Satisfied		A Little Satisfied		Moderately Dissatisfied		Very Dissatisfied		Not Applicable		(n = 73)
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
18	24.7%	20	27.4%	2	2.7%	1	1.4%	1	1.4%	31	42.5%	

Comments:

Questions 30 through 32 pertain to Minnesota Tax Court appeals.

30. How many staff-hours would you estimate your office spent on Tax Court appeals in 1994?

Total Staff Hours	Median Staff Hours	
13,522	0	a. Number of staff-hours (n = 46)
--	--	b. Unknown (n = 10)
--	--	c. Not applicable (n = 25)

31. On how many Tax Court appeals did your office work in 1994? (Include work you did on cases filed in 1994 as well as work done in 1994 on cases filed earlier.)

Total Appeals	Median Appeals	
2,415	0	a. Number of Tax Court appeals worked on (n = 53)
--	--	b. Unknown (n = 3)
--	--	c. Not applicable (n = 25)

32. How satisfied are you with the overall fairness and ease for your office of appeals handled through the Tax Court?

Very Satisfied		Moderately Satisfied		A Little Satisfied		Moderately Dissatisfied		Very Dissatisfied		Not Applicable		(n = 70)
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
8	11.4%	8	11.4%	3	4.3%	7	10.0%	6	8.6%	38	54.3%	

Comments:

Questions 33 through 38 pertain to abatements in 1994 and affect only cities that have city assessors and 20,000 or larger populations. If you are responding on behalf of a township or a smaller city, please go to Question 39.

33. How many abatement applications did your city receive in 1994?

Total Applications	Median Applications		
4,267	60.5	a. Number of abatements for homestead changes	(n = 16)
319	10.5	b. Number of abatements for value changes	
558	6.0	d. Number of other abatement applications	
5,144	97.0	e. TOTAL number of abatement applications	

34. Of the total number of abatement applications your office received in 1994, how many were approved (by the assessor, county auditor, and county board)? (n = 15)

Total Abatements	Median Abatements		
4,850	91	a. Number of abatements approved	(n = 15)
145	1	b. Number of abatements denied	

35. What change in property value did the abatements approved in 1994 represent?

Median Percent Change	
0.007%	a. Percent of property value abated (n = 8)
--	b. Unknown (n = 8)
--	c. Not applicable

36. How many staff-hours would you estimate your office spent on considering and processing abatements in 1994?

Total Staff Hours	Median Staff Hours	
2,252	160	a. Number of staff-hours (n = 11)
--	--	b. Unknown (n = 5)
--	--	c. Not applicable

Note: We received responses from 273 communities for a response rate of 86 percent.

37. Does your city have an explicit policy on considering and granting abatements?

<u>Number</u>	<u>Percent</u>		
9	56.3%	a. No	(n = 16)
7	43.8	b. Yes (<i>If yes, please attach a copy of the policy to the completed survey.</i>)	
0	0.0	c. City is currently considering a policy on abatements.	

38. How satisfied are you with the overall fairness and ease for your office of the abatement process?

Very Satisfied		Moderately Satisfied		A Little Satisfied		Moderately Dissatisfied		Very Dissatisfied		Not Applicable		
<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	
1	6.3%	8	50.0%	7	43.8%	--	--	--	--	--	--	(n = 16)

Comments:

ASSESSMENT PRACTICES

This section deals with methods you use when assessing property in your city or township.

39. Do you and your office use computer-assisted mass appraisal?

<u>Number</u>	<u>Percent</u>		
31	39.2%	a. No	(n = 79)
38	48.1	b. Yes	
10	12.7	c. The city or township is in the process of developing a computer-assisted mass appraisal system	

40. For which of the following tasks do you and your office use computers? (Check all that apply.)

<u>Number</u>	<u>Percent</u>		
34	43.6%	a. In the appraisal process	(n = 78)
24	30.8	b. To generate valuation notices	
25	32.1	c. To produce assessment rolls	
35	44.9	d. To record property sales	
37	47.4	e. To conduct sales ratio studies	
5	6.4	f. We do not use computers	
29	37.2	g. We do not use computers, but the county with whom we work does	
9	11.5	h. Other (<i>Specify.</i>) _____	

41. Do you and your office use a land information system (LIS) or geographic information system (GIS) to assist in your assessments?

<u>Number</u>	<u>Percent</u>		
45	58.4%	a. No	(n = 77)
16	20.8	b. Yes	
16	20.8	c. The city or township is in the process of developing a LIS or GIS system	

42. Do you and your office have a complete set of assessment maps showing the size, shape, and location of parcels?

<u>Number</u>	<u>Percent</u>		
16	20.0%	a. No set of maps	(n = 80)
4	5.0	b. Incomplete set	
9	11.3	c. Nearly complete set	
51	63.8	d. Complete set	

43. Do you and your office have adequate equipment and training to perform your assessment duties?

Number	Percent		
74	91.4%	a. Adequate equipment and adequate training	(n = 81)
1	1.2	b. Adequate equipment but inadequate training	
5	6.2	c. Inadequate equipment and adequate training	
1	1.2	d. Inadequate equipment and inadequate training	
0	0.0	e. Not applicable	

44. Do you and your office notify property owners in advance of visiting the parcels in your quartile?

Number	Percent		
53	65.4%	a. No advance notification	(n = 81)
3	3.7%	b. Yes, with notices in local newspapers	
10	12.3	c. Yes, with notices mailed to property owners	
14	17.3	d. Yes, by other means (<i>Specify.</i>) _____	
0	0.0	e. Not applicable	
1	1.2	f. More than one response	

Question 45 applies only to cities that issue their own valuation notices. If the county issues valuation notices to property owners in your city or township, go to Question 46.

45. For cities that send valuation notices, which of the following pieces of information does your office include on property valuation notices (in addition to that which is required by statute such as market value, limited market value, "this old house" value, etc.)? (Check all that apply.)

Number	Percent		
3	3.5%	a. Non-technical summary of the methods used to assess property	(n = 86)
10	11.6	b. Procedures for appealing property value with assessor	
10	11.6	c. Procedures for appealing value with local board of review	
10	11.6	d. Procedures for appealing value with county board of equalization	
8	9.3	e. Procedures for appealing value with tax court	
0	0.0	f. Sales ratio information	
1	1.2	g. Distinction between value notice and tax bill	
2	2.3	h. Explanation of how value is related to tax bill	
0	0.0	i. Description of how tax bills are calculated	
4	4.7	j. Definitions of uncommon terms	
9	10.5	k. Contact phone numbers for people with questions	
3	3.5	l. Other (<i>Specify.</i>) _____	

PERSONNEL AND RESOURCES

This section of the survey deals with your level of staffing and other resources for assessing.

46. How many assessors/appraisers in the following licensure categories were on your staff in 1994 (in full-time equivalents or FTEs)?

Total FTE Staff	Median FTE Staff		
71.74	1	a. Certified Minnesota Assessor (CMA) (n = 48)	
14.25	1	b. Certified Minnesota Assessor Specialist (CMAS) (n = 11)	
18	5	c. CMA plus completion of income-producing property appraisal courses (n = 3)	
8	1	d. CMAS plus completion of income-producing property appraisal courses (n = 8)	

Note: We received responses from 273 communities for a response rate of 86 percent.

46. Continued . . .

Total FTE Staff	Median FTE Staff	
16	1	e. Accredited Minnesota Assessor (n = 16)
52.83	1	f. Senior Accredited Minnesota Assessor (n = 32)
1.25	0.625	g. Other assessors (n = 2)
184.32	1	h. TOTAL FTE assessors (n = 82)

47. What number of other FTE staff did you employ in 1994 to perform the functions of administration, data processing, mapping and drafting, clerical, and other support services? (Do not double-count employees you reported in Question 46, even if they performed some of these functions.)

Total FTE Staff	Median FTE Staff	
51.1	1	Number of FTE staff (n = 28)

48. Of the total time spent by you and your staff in 1994 on assessment duties, what do you estimate is the percent of time spent on the following tasks? (Estimate time only for those tasks that you performed for this city or township.)

Average Percent Time	Median Percent Time	
44.1%	45%	a. Mass property appraisal of existing properties (n = 79)
13.5	11	b. Appraisal of new construction and remodeling (n = 79)
1.9	0	c. Rent and lease analysis (n = 77)
4.0	3	d. Sales ratio analysis (n = 79)
6.7	5	e. Administration (n = 78)
6.7	5	f. Homestead classification (n = 79)
1.6	0	g. Special assessments (n = 79)
6.4	2	h. Reviewing assessments and defending appeals (n = 78)
0.8	0	i. Considering and deciding abatements (n = 78)
1.9	0	j. Other (Specify.) _____ (n = 77)
		TOTAL

49. What do you estimate that you and your office spent in 1994 on assessment services? Include the expenses listed in items b. through j. below. Exclude expenses for assessment services you and your office may have provided to other cities and townships. Assessors on contract should specify costs to the city or township for the contract. (Check the box of any item(s) that your expenditure estimate does not include.)

Total	Median		Not Included In Estimate	
\$8,967,458	\$15,600		Number	Percent
		a. Total expenditures (n = 71)		
		b. Salaries and benefits	1	1.4%
		c. Supplies (e.g., office and car supplies, mapping, printing, mailing, data processing supplies)	9	12.7
		d. Contract services	4	5.6
		e. Travel	9	12.7
		f. Training	7	9.9
		g. Insurance	12	16.9
		h. Data entry and processing	8	11.3

49. Continued . . .

		Not Included In Estimate	
		<u>Number</u>	<u>Percent</u>
i.	Office building use and maintenance (e.g., space rental, utilities)	19	26.8%
j.	Other current expenditures (excluding capital expenses for furniture, office equipment, computers, cars, land, and other capital purchases).	11	15.5

50. We would like to know whether 1994 was an atypical year in terms of your expenditures on assessing. Did any unusual circumstances substantially affect any of the expense items you included in your 1994 expenditure estimate?

<u>Number</u>	<u>Percent</u>		
67	88.2%	a. No	(n = 76)
9	11.8	b. Yes (<i>Specify.</i>) _____	

51. Did you and your office provide assessment services for any additional cities or townships in 1994?

<u>Number</u>	<u>Percent</u>		
42	53.2%	a. No (<i>If no, go to Question 54.</i>)	
37	46.8	b. Yes	(n = 79)

52. If you did assess other cities or townships in 1994, for how many other cities and townships did you and your office provide assessment services?

<u>Total Cities and Townships</u>	<u>Median Cities and Townships</u>		
201	3	Number of other cities and townships	(n = 37)

53. If you did assess other cities or townships in 1994, how many parcels were in the other cities and townships?

<u>Total Parcels</u>	<u>Median Parcels</u>		
235,326	1,750	Number of parcels	(n = 36)

54. What information do you want or need in your jurisdiction regarding property assessment organization, appeals, or abatements in other Minnesota jurisdictions?

55. What innovations or effective methods do you employ, or would like to employ, to improve the organization of property assessment services, the appeals process, or the abatements process?

56. Do you have any additional comments?

Thank you for answering this survey!

Note: We received responses from 273 communities for a response rate of 86 percent.

Background Research and Site Visit Methodology

APPENDIX C

To conduct this review, we collected information from a variety of sources. We began with a literature review of assessment and appraisal practices in Minnesota and other states similar to us in size and tax structure. Then we gathered information around Minnesota from assessors, boards of review and equalization, and taxpayers. Some of the specific steps we took included holding a roundtable discussion; making field observations; visiting select counties, cities, and townships; and surveying local governments and property owners. This appendix briefly describes the first three of these steps. Appendix B describes our surveys.

ROUNDTABLE DISCUSSION

At the start of our review, we convened a meeting of assessors, appraisers, legislators, legislative staff, and others interested in the topic of property appraisals to discuss the key issues involved with property assessment in Minnesota. Participating in the roundtable discussion were 34 individuals; 59 percent of the participants were from the 7-county metropolitan area and 41 percent were from outside the metropolitan area. During the discussion, participants presented their ideas on the appropriate focus for this best practices review.

FIELD OBSERVATIONS

We spent time talking with assessors and their staff. We experienced first hand some of the appraisers' work while accompanying them as they inspected properties in residential neighborhoods — during rain and shine. In late spring and early summer of 1995, we traveled to 14 cities and county seats around the state to observe local boards of review and county boards of equalization conduct their work. We also attended several meetings of the State Board of Equalization to observe this phase of the state's interaction with county assessors.

SITE VISITS

The examples of best practices in this report come from 27 Minnesota jurisdictions we either visited or called for in-depth interviews. During these interviews we collected information to describe individual practices and their advantages and disadvantages. We selected the jurisdictions based on performance measures we developed to help determine which jurisdictions were effective and efficient. (See Appendix D for information on the measures.) Because we could not visit all the counties, cities, and townships that ranked high on these measures, we chose a selection that represented different sizes and geographic locations of Minnesota local governments.

The site visits supplemented information we gathered from our surveys of local governments and gave us a first-hand look at how these assessment jurisdictions operated. These on-site interviews allowed assessors and others to describe their practices, including: how they initiated the practices; changes made since the practices were begun; problems the practices helped solve; savings of time, money, personnel or other resources; advantages and disadvantages of the practices; and whether the practices were transferable to other jurisdictions. From the interviews we were better able to ascertain the circumstances under which the practices were most appropriate.

We designed a questionnaire to use at each interview. The questionnaire included 15 open-ended questions to obtain general information on the practices as well as their specific uses. The remainder of this appendix lists these questions; however, to conserve space, we have omitted much of the white space from the original questionnaire.

SITE VISIT QUESTIONNAIRE FOR INTERVIEWING ASSESSORS

Minnesota's System of Property Assessments

Interviewer: _____

Date: _____

Jurisdiction: _____

Individuals Interviewed: _____

Best Practice and Organizational Structure: _____

Information on Practices

1. Describe the practice. What is it? How does it work?
2. When did you first implement the practice? For how long have you used it?
3. What made you first consider implementing this practice? What problems, if any, were you hoping to overcome?
4. Did implementing this practice solve your problem? Have you accomplished your goals? Why or why not?
5. Thinking back to when you began this practice, what problems did you have in implementation?
6. Since implementing this practice, have you had any problems? Have you modified the practice since you first implemented it?
7. Does this practice produce any type of savings for your jurisdiction or others involved, that is, savings of time, money, resources, hassle, etc.? What did the practice cost you up front? What are the ongoing costs?
8. Have you found other advantages from using this practice?
9. From your experience with this practice, what are its drawbacks or disadvantages?
10. Have you compared this practice with other alternatives that might accomplish the same end? If yes, what comparisons have you made and what were the results?
11. Have you been able to monitor this practice to evaluate whether it is effective? If yes, in what way have you evaluated this practice?
12. Do you think other counties, cities, or towns could also use this practice in their own jurisdiction? Why or why not?

13. What characteristics or attributes does a jurisdiction need to have if it is considering using this practice?
14. What tips or advice would you offer to another city or county to help make this practice a success?
15. Do you have any additional thoughts or comments?

Performance Indicators

APPENDIX D

The process of developing goals, objectives, and performance measures can help departments evaluate and measure the level of service they provide. Measures of performance provide quantifiable information on an organization's impact, efficiency, and effectiveness. They allow agencies to make better, more informed decisions about service delivery. Performance measures can show what value a department is getting for the dollars it spends on assessment services. Departments that evaluate their assessment performance over time can track both achievements in service delivery and areas needing improvement. They can also justify spending requests by demonstrating real needs of the assessment system. Moreover, information obtained from measuring a department's efforts and accomplishments can improve communication with elected officials and the public by focusing on assessors' actual results.

This appendix describes yardsticks we used to measure the effectiveness and efficiency of assessment jurisdictions. We used the information to determine which jurisdictions currently employ especially effective or efficient assessment practices and which ones we would visit to gather more in-depth information. Beyond this, the measures also serve as tools that local governments can use to ensure that the organization of their assessment services and the appeals procedures they follow are effective. While most assessors' offices can use the performance measures we list here, they may also develop other performance measures appropriate to their particular circumstances.

GOALS AND OBJECTIVES

Typically before measuring performance, agencies define and adopt goals for their work. Goals describe in broad terms the desired outcomes of the agencies' services. Having adopted goals, agencies

set objectives, which are clear targets for specific actions that explain what their service will accomplish and by when. After setting goals and objectives, agencies can evaluate their performance and determine whether they are meeting their goals.

We relied on state statutes to set two goals for Minnesota's assessment system:

1. To consistently assess real property at its market value, that is, the selling price which could be obtained through an arm's length transaction.
2. To view and determine the market value of each tract or lot of real property at maximum intervals of four years.

To determine how well assessment agencies meet these goals, we developed seven objectives:

1. To improve assessment uniformity each assessment period, resulting in reduced inequities.
2. To respond objectively and professionally to disagreements about valuation.
3. To annually assess properties at levels within the parameters of the Department of Revenue's sales ratio studies.
4. To complete assessment duties in a timely manner.
5. To minimize tax roll changes that occur after the levy due to tax court orders or as a result of abatements approved for clerical errors or hardship.
6. To annually increase the percentage of property owners who are satisfied with the amount of information received regarding their property assessment, the clarity and understandability of

that information, the ease of the assessment process, and the objectivity of the assessment.

7. To annually increase the percentage of property owners who accept their assessment as fair and equitable.

The goals and objectives we selected might differ somewhat from those an individual agency would develop. Agencies with different goals and objectives would likely have different performance measures than those we describe below. Nonetheless, we believe our goals and objectives are generally applicable to all assessment jurisdictions.

PERFORMANCE MEASURES

Defining the goals and objectives of Minnesota's system of property assessments allowed us to develop 68 measures of efficiency and effectiveness, or performance measures, for areas of the assessment system specifically within the scope of this best practices review: the organizational structure of assessors' offices and the appeals processes they follow. The performance measures either (1) describe an outcome or (2) are an indication of either efficiency or cost effectiveness. Outcomes are the actual results of an agency's actions, such as assessments that accurately reflect market value as measured by the median sales ratio. Efficiency measures are the costs per unit of service that an agency provides, such as cost per total number of parcels assessed. Cost-effectiveness measures reflect the cost per unit of an agency's outcomes, such as cost per assessment system with acceptable sales ratios.

We grouped the 68 measures of performance into six categories: (1) levels of satisfaction, (2) time resources, (3) personnel resources, (4) measures related to the assessment, (5) measures specific to the appeals process, and (6) cost and cost effectiveness. Because we believed that some of the performance measures were stronger indicators of efficiency and

effectiveness than others, we weighted those measures we considered more significant.¹

Levels of Satisfaction

Levels of satisfaction are outcome measures that indicate how well the users or recipients — county and local assessors, boards of review and equalization members, and taxpayers — of a particular assessment service believe that service works. Some of the measures apply to assessors' satisfaction, others to board members' satisfaction, and others to taxpayers' satisfaction. We developed 19 satisfaction measures:

Assessor

- Level of assessor satisfaction with the process for resolving property owner questions prior to local board meeting.*
- Level of assessor satisfaction with the board process.*²
- Level of assessor satisfaction with the abatement process.*
- Level of assessor satisfaction with the tax court process.
- Level of assessor satisfaction with the effectiveness of board member training.

Board Member

- Level of board member satisfaction with the effectiveness of board member training.*
- Level of board member satisfaction with the level of professionalism and knowledge displayed by assessors during the board meeting.*

¹ We weighted performance measures with lower priority a value of "1" and performance measures with higher priority a value of "2." We indicate those measures with high priority for our site visits with an asterisk (*) in the lists presented in the remainder of this appendix. Although measures related to taxpayer opinions may have high priority, data from our survey of taxpayers were not available when we planned our site visits.

² Unless otherwise specified, board refers to both local boards of review and county boards of equalization.

- Level of board member satisfaction with the user-friendliness of the appeals process for board members.*
- Level of board member satisfaction with the overall fairness and ease of the appeals process for board members.*
- Level of board member satisfaction with the ease of the appeals process for taxpayers.
- Level of board member satisfaction with the board members' overall understanding of the issues and fairness in appeals decision.

Taxpayer

- Level of taxpayer satisfaction with the clarity and understandability of information received from assessor's office.
- Level of taxpayer satisfaction with the information contained in property valuation notice.
- Level of taxpayer satisfaction with the treatment and professionalism of the board.
- Level of taxpayer satisfaction with the treatment and professionalism of assessor.
- Level of taxpayer satisfaction with the understandability of the board process to appeal property assessments.
- Level of taxpayer satisfaction with the user-friendliness of the board process.
- Level of taxpayer satisfaction with the overall fairness of the board process.
- Level of taxpayer satisfaction with the tax court process.

Time Resources

Time resources are outputs that indicate the hours spent by an individual or agency on an aspect of the

property assessment and appeals system. To look at these outputs as measures of efficiency, we contrasted the actual hours spent by the individual or agency with the median hours spent by that particular group or level of local government. We compiled ten measures of time spent on various assessment activities:

- Hours spent by assessors per parcel appealed.*
- Hours spent by assessors on appraisal per percentage receiving interior inspections.*
- Hours spent by board members preparing for board meetings.*
- Hours spent by assessors on answering questions, per number of owner questions.
- Hours spent by assessors per number of parcels questioned by owner prior to board of review.
- Hours spent by assessors on tax court appeals, per number of tax court appeals.
- Hours spent by assessors per number of board appeals.
- Hours spent by assessors per number of abatements.
- Hours spent by assessors on appraisal per number of parcels appraised.
- Hours spent by appellants preparing for board meetings.

Personnel Resources

Personnel resources are outputs that indicate the labor devoted by an agency to an aspect of the property assessment system. To look at these outputs as measures of efficiency, we contrasted the actual personnel level of an agency per parcel or other output with the median personnel level of other local jurisdictions we surveyed. This allowed us to compare

the number of personnel with the median personnel in the sample. We constructed nine personnel measures:

- Full-time equivalent (FTE) assessors per number of parcels.*
- FTE assessors and other assessment staff per parcel appealed.*³
- FTE assessors and other staff per number of parcels.
- FTE assessors per parcel by property class.
- FTE assessors per percentage of interior inspections.
- Number of Certified Minnesota Assessors per total parcels.
- Number of Certified Minnesota Assessor Specialists per total parcels.⁴
- Number of Accredited Minnesota Assessors per total parcels.
- Number of Senior Accredited Minnesota Assessors per total parcels.
- Acceptable sales ratio of property values for homesteads, agricultural land, commercial-industrial, and seasonal-recreational residential.*
- Acceptable coefficient of dispersion for property values by property classification.*
- Acceptable price-related differential of property values by property classification.*
- Use of computer-assisted mass appraisal system.*
- Completeness of assessment maps.*
- Adequacy of equipment and training.*
- Notification of property owners prior to parcel visitation.*
- Use of geographic information system.*
- High percentage of properties receiving interior inspection.
- Frequent (annual) adjustment of parcel value.
- Completeness of value notice information.

Measures Related to the Assessment

Measures related to the assessment are general effectiveness measures. Based on our review of current literature and conversations with experts in the field, we chose these measures to identify agencies that meet professional assessment standards (such as acceptable median sales ratios) or use practices that are especially effective or innovative (such as geographic information systems). We formulated 11 general effectiveness measures related to the assessment:

Measures Specific to the Appeals Process

Measures specific to the appeals process also measure general effectiveness. Based on current literature and interviews with members of the assessment profession, we chose these measures to indicate jurisdictions that use especially effective or innovative practices (for instance, explicit abatement policies that define hardship). We compiled 10 general effectiveness measures specific to the appeals process:

³ Other staff refers to mapping, clerical, data processing, and additional support staff.

⁴ We also looked at the number of city or township Certified Minnesota Assessors and Certified Minnesota Assessor Specialists with completion of courses on income-producing property.

- High percentage of property owner questions resolved prior to local board of review.*
- Counties with explicit policy on abatements.*
- Board member preparation for 1994 meeting.*
- High percentage of total appellants that provided board members with information relating to their appeals.*
- High level of property and assessment information provided to board members by assessor.*
- Ratio of appeals stayed or denied to those approved is at or above the median.
- For those with appointed boards, high percentage of appointed board members with property-related background.
- Counties with "hardship" defined for abatement requests for two prior years.
- Board member training prior to 1994 meeting.
- Board's briefing of appellants before the appeal.
- Cost per parcel by community with acceptable sales ratios, coefficients of dispersion, and price-related differentials.*
- Cost per parcel appealed.*
- Cost per board member satisfied with the appeals process.*
- Cost per parcel appraised.
- Cost per percentage of properties receiving interior inspections.
- Cost per percentage mix of homes built before W.W.II.
- Cost per distance from office to parcels.
- Cost per appellant satisfied with the appeals process.
- Cost per taxpayer satisfied with the property assessment system.

Cost and Cost Effectiveness

Costs measure the efficiency of an assessment system. These measures indicate the degree to which assessment agencies provide their services at minimal cost (such as cost per parcel appealed) when compared to median costs over time or other similar agencies. By contrast, cost-effectiveness measures show the costs of agencies whose actual results meet their intended results (such as cost per community with acceptable sales ratios). We developed nine cost and cost-effectiveness measures:

Special Appointed Boards

APPENDIX E

In Chapter 1 of this report we describe how some cities and counties appoint special boards of review or equalization. These boards are comprised of at least one member who is an appraiser, real estate agent, or other person familiar with property valuation in the assessment district. City councils and county commissioners may delegate all board of review or equalization duties and powers to these boards. In this appendix, we present additional background information on the special appointed boards.

SPECIAL APPOINTED LOCAL BOARDS OF REVIEW

Cities that decide to appoint special boards of review determine the number of appointees, their compensation, and lengths of their terms.¹ Appointed boards serve at the direction of the city councils who appoint them.

According to our survey, 14 cities appointed special boards of review. (Chapter 1 lists these cities.) All of these cities had populations of more than 5,000 and the median population was 37,400. Half were located within the seven-county metropolitan area and half outside. Some of the cities made the appointed boards advisory to the city council and others delegated all board of review authority to the appointees. In some cases, a portion of the appointed members were city council members.

The size, make-up, and other characteristics of these appointed boards differed. Eight of the 14 cities with appointed boards had their own assessors on staff while the other 6 were assessed by their county assessor's office. Among the 8 cities with

their own assessment staff, 4 indicated that 75 percent or more of their board appointees were real estate agents, appraisers, or were otherwise familiar with property valuations. Three cities said between 51 and 75 percent of their appointees had similar experience.²

Appointed board sizes varied from four to nine members, with an average of five members. Two boards received no compensation for their services, four received a per diem, including one that offered both a per diem and expense reimbursement, and two received only travel or other expense reimbursements.

SPECIAL APPOINTED COUNTY BOARDS OF EQUALIZATION

County commissioners also have the option to appoint members to a special county board of equalization.³ Counties that opt to appoint a special board determine how many members to appoint, whether the appointees will be compensated, and lengths of appointees' terms. Unlike other county boards of equalization, the county auditor is a non-voting member who serves as recorder.

Five of Minnesota's 87 counties — Anoka, Dakota, Hennepin, Ramsey and Saint Louis — appointed a special board of equalization in 1994. Four of the five special boards had seven members; the fifth had ten members. Members on all five of the special boards received a per diem and four of the five also received reimbursements of expenses. On three of the boards, at least 75 percent of members

1 *Minn. Stat.* §274.01, subd. 2.

2 One city did not respond to this question.

3 *Minn. Stat.* §274.13, subd. 2.

were real estate agents, appraisers, or others familiar with property valuations; on the remaining two boards, between 51 and 75 percent of members had similar experience.

CHARACTERISTICS OF APPOINTED BOARDS

Appointed board members were more likely than members of other boards to receive training from assessors prior to the board meeting. In all 5 counties with appointed boards, board members received training in 1994 compared to 67 percent of counties with county commissioners serving as board members. This was also true with larger cities (populations above 5,000): 85 percent of cities with appointed boards had members that received training versus 58 percent of cities with boards comprised entirely of elected officials.

During the board meetings, appointed county boards of equalization were more likely to brief property owners about the process for conducting the meeting. In all 5 counties with appointed boards, members briefed appellants in 1994 compared to 73 percent of other boards. Among cities, however, the percentages that briefed appellants were more similar: Over 92 percent of larger cities with appointed boards reported that members briefed appellants compared with 87 percent of larger cities where elected officials comprised the boards.

Board members serving on special appointed boards of review and equalization reported higher levels of satisfaction with the "user friendliness" of the process than board members on regular boards. About 63 percent of board members serving on appointed boards (county and local combined) were very satisfied with the user friendliness of the process, compared to 45 percent of members serving on regular boards. Appointed board members also had greater satisfaction than members on regular boards with the overall fairness and ease of the appeals process. Roughly 69 percent of the appointed board members were very satisfied with overall fair-

ness, compared to 50 percent of elected officials serving on regular boards.

County assessors in counties with appointed boards were more likely to be highly satisfied with the board of equalization process than assessors elsewhere. Four out of the 5 assessors (80 percent) in counties with appointed boards said they were very satisfied with the county board of equalization process, compared to 45 percent of assessors in the remaining counties. Fifty-seven percent of local assessors in cities with appointed boards were very satisfied with the board of review process, compared to 41 percent of local assessors in large cities with boards comprised entirely of elected officials.

Tax Abatement Policies

APPENDIX F

Minnesota counties have authority for considering and abating taxes to people who paid taxes erroneously or unjustly. Tax abatement policies provide guidelines for using this authority and can help limit the consideration of unwarranted or frivolous abatement requests. Fifty-five of the 87 county assessors, or 63 percent, indicated their county had explicit written policies for considering tax abatements in 1994 and another 13 county assessors, or 15 percent, reported they were considering a tax abatement policy.

We received copies of tax abatement policies from 52 of the 55 counties with adopted policies. Ten of those policies specify which county personnel are responsible for handling tax abatement requests and outline the appropriate procedures they should follow. The remaining policies only contain conditions that county staff use to determine whether abatement requests qualify for consideration. In this appendix, we present additional background information on the tax abatement policies of the 52 counties.

LIMITS ON THE TIMING OR AMOUNT OF ABATEMENT REQUESTS

State statutes restrict the time period during which abatement requests are eligible for consideration.¹ Of the 52 abatement policies we examined, 31 policies limited the counties' consideration of abatement requests to the current year only.² (See Table F.1.) Because of the time and other costs involved with processing abatement requests, some counties required the amount of the tax abatement request to meet a certain threshold. Thirty-five of the 52 coun-

ties, or 67 percent, did not consider abatement requests when they were less than a threshold limit. The median threshold was \$50, although 11 counties set their threshold at \$100. (See Figure F.1.) Two counties' policies required abatement requests to represent a minimum change of \$5,000 in estimated market value before considering them.

Table F.1: Counties With Time Limits in Abatement Policies

	Current Year ^a		Current + 1 Year		Current + 2 Year	
	#	%	#	%	#	%
Counties	31	60	8	15	10	19

Note: Three counties' policies did not specify a time limit.

Source: Legislative Auditor's Office analysis of 52 county tax abatement policies.

^aFour of the 31 policies provided allowances to consider applications beyond the current year for certain rare conditions.

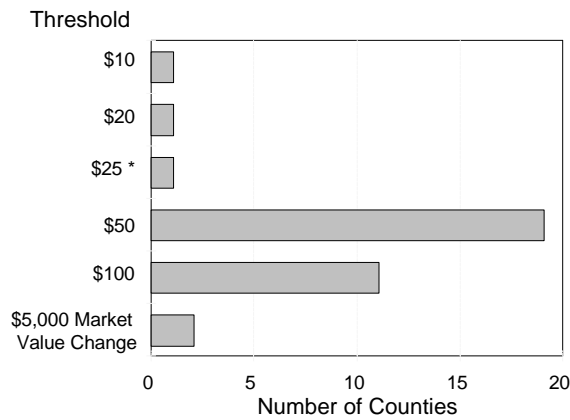
CONDITIONS ON CONSIDERING ABATEMENT REQUESTS

Thirty-one policies, or 60 percent of those we examined, prohibited considering abatement requests for homestead classifications if the taxpayer did not file a homestead application by a specific deadline. Many of the counties' policies specified the actions taken by the assessor to notify owners of the need for the homestead application, including newspaper notices, mailed notices, and certified letters. Only taxpayers who were not subject to these notifica-

¹ County boards may consider abatements as they relate to taxes payable in the current year and taxes for the two prior years if clerical errors were made or the taxpayer failed to file due to hardship, as defined by the county board. (See *Minn. Stat.* §375.192, subd. 2.)

² In four of those 31 policies, the counties made provisions to consider requests for earlier years in certain rare exceptions.

Figure F.1: Counties' Dollar Thresholds for Considering Abatement Requests



Source: Legislative Auditor's Office analysis of 52 county tax abatement policies.

*Either the dollar threshold or a minimum 10 percent change in estimated market value qualified for consideration.

tions could apply for a homestead classification abatement. Twenty-four counties' policies, or 36 percent, set conditions that taxpayers had to meet before the county would consider their abatement application. One common condition was that applicants must have paid previous years' taxes in full. Another was that no abatement would be considered if the taxpayer had a petition filed in tax court with the outcome still pending. A third common condition prohibited requests that could have been handled during the local board of review or county board of equalization processes.

Sixteen county policies, or 31 percent of those we studied, had a policy regarding abating tax penalties or interest. Many refused to abate tax penalties, but some considered abatements for penalties paid on current taxes only under strict conditions, such as when taxpayers could prove that they paid the taxes in a timely fashion but the payment was lost in the mail. Eight counties, or 15 percent, included prohibitions regarding special assessments. Typically, these policies prohibited granting an abatement for a special assessment unless the request was accompanied by a written approval from the local govern-

ment that levied the special assessment. Eight of the policies also contained deadlines by which the abatement request had to be filed to be eligible for consideration.

Smaller numbers of county abatement policies contained other conditions. Four of the policies we analyzed, or 8 percent, prohibited requests for abatements regarding "This Old House" provisions.³ These policies disqualified from consideration any requests for abatements from homeowners who failed to submit by certain deadlines the necessary applications for deferring value increases due to home improvements. Three policies had provisions for handling numerous requests for abatements due to homestead classification changes. In these policies, the county board delegated authority to county personnel, such as the county assessor or auditor, to approve abatement requests due to changes in homestead classifications or clerical errors. These changes could be made without county board approval. Three policies set conditions specific to abatement requests for manufactured homes, typically specifying dates by which such requests are due.

³ "This Old House" refers to statutes allowing homeowners to defer increases in estimated market value due to improvements they made to their property. The program is intended to remove a disincentive to improving residential property. The law exempts from taxation, for a ten-year period, all or a portion of the value of improvements made to homes that are at least 35 years old. Many conditions apply to determine eligibility for this exemption. (See *Minn. Stat.* §273.11, subd. 16.)

Glossary

APPENDIX G

abatement — A reduction in taxes granted under special circumstances when taxes have been erroneously or unjustly paid. Minnesota county boards may grant reductions in estimated market value or abatements of taxes, costs, penalties, or interest.

agricultural property — Property defined by Minnesota statutes as Class 2a and 2b, consisting of farm homes (both homesteaded and non-homesteaded), other farm buildings, and farm land used for raising or cultivating agricultural products and other agricultural purposes including pasture and timber.

arm's length transaction — A transaction involving the buying and selling of real estate between separate, willing parties where each seeks to maximize his or her position.

assessment/sales ratio study — A comparison of estimated market values to the sale prices of a set of properties used to evaluate the level and uniformity of property assessments.

base map — A map showing certain fundamental information, often used as a source to prepare other maps with specialized data.

cadastral maps — Maps that show subdivision boundaries, dimensions of individual tracts, and surrounding land uses, used for describing and recording ownership.

classification — A system of grouping properties based on their use for purposes of taxation. Examples of Minnesota property classes include non-agricultural homestead and commercial-industrial.

coefficient of dispersion — The average deviation of individual ratios from the median ratio used to measure the uniformity of assessments.

commercial-industrial property — Property defined by Minnesota statutes as Class 3a, consisting of buildings used for commercial purposes such as retail or manufacturing.

comparable property sales — Recently sold properties that have similar sales prices, physical and locational conditions, and other characteristics to a property being appraised.

computer-assisted mass appraisal system (CAMA) — A computerized system that uses statistical analyses to generate estimates of property value.

cost approach — One of three approaches to estimating value where appraisers estimate the cost of replacing a structure, subtract out depreciation to account for losses of value due to deterioration and other factors, and add in the value of land.

county board of equalization — A group of individuals, typically the county commissioners and county auditor, authorized to compare and equalize property assessments so that each parcel in the county is listed at its market value.

equalization — The process used by governments to ensure that property in a given jurisdiction is appraised equitably at market value.

estimated market value — The likely selling price of a property obtained during an arm's length transaction between informed and willing buyers and sellers; the value of a property as determined by the assessor.

field card — The document appraisers use as they review parcels to record specific property data about the interior and exterior of structures, land, improvements, legal descriptions, and ownership.

geographic information system (GIS) — A technology that yields computerized maps built from multiple sources of land-based data.

homestead — Property occupied as the principal place of residence by a property owner. In Minnesota's property classification system, homesteaded property enjoys a lower classification rate than many other property types, resulting in lower taxes relative to other properties in a jurisdiction.

homestead application — A document homeowners must file with county assessors to receive the homestead classification, and its resulting tax benefits, for their home.

income-capitalization approach — One of three approaches to estimating value where appraisers convert the income stream of a building into an estimate of the building's value. The approach assumes that future benefits derived from building ownership can be used to determine an estimate of present value.

interior inspection — The physical viewing by an assessor of the inside of a developed property to gather information on characteristics that affect value.

limited value — Legislation passed by the 1993 Legislature that prevents market values of residences from increasing more than 10 percent from one year to the next, or one-third the difference between the current assessment and the previous assessment. Limited value affects assessments for 1993 through 1997 and applies only to homesteaded and non-homesteaded residences, agricultural homesteads and non-homesteads, and non-commercial cabins.

local board of review — A group of individuals, typically the township board or city council,

authorized to determine whether the assessor has properly valued all parcels of taxable property in the assessment district.

map overlay — A map on a transparent medium that is superimposed on another map.

mass appraisal — The process of valuing a group of properties as of a given date using standard methods and statistical testing.

open book meetings — Meetings held by assessors to discuss property owners' questions regarding their assessments.

orthophotographs — Aerial photographs processed to minimize distortions; some orthophotographs are digitized to be computer-readable.

parcel — A contiguous area of land under separate legal ownership described separately for appraisal purposes.

petition — A property owner's appeal, filed in tax court, of the assessor's estimated market value.

price-related differential — A statistic used to measure the regressivity and progressivity of assessments, calculated by dividing the mean by the weighted mean.

property characteristics — Distinguishing interior and exterior features of a property and its surroundings used to help estimate market value.

property valuation notice — Information containing the estimated market value of the property mailed to Minnesota property owners at least ten calendar days before the local board of review meeting. The notice also includes, at a minimum: the limited market value, the qualifying amount of any improvements, the market value subject to taxation after improvements, the new classification, eligibility for value exclusions under "This Old House," the assessor's office address, and the date, place, and time set for the meetings of the local board of review and county board of equalization.

reappraisal/reassessment/revaluation — The mass appraisal of a jurisdiction's property within a prescribed cycle of time. Because Minnesota statutes require assessors to view and determine the market value of taxable property at maximum intervals of four years, assessors typically reappraise a quarter of their jurisdictions' parcels each year.

residential property — Properties defined by Minnesota statutes as primarily Class 1a and 4b(1), consisting of garage, land, and house (not on agricultural land) including homestead and non-homestead property such as duplexes and triplexes.

sales comparison approach — One of three approaches to estimating value where appraisers compare a property with similar properties that have sold recently.

seasonal-residential recreational property — Properties defined by Minnesota statutes as Class 4c(5), consisting of cabins devoted to temporary and seasonal residential occupancy for recreation purposes, not used for commercial purposes.

tax base — The total of all property values in a given jurisdiction. In Minnesota, the tax base is the product of the estimated market value and the classification rate for each type of property; it is referred to as the "net tax capacity."

tax levy — The total amount of property tax a given jurisdiction needs to raise to finance its budgeted spending.

tax rate — The percentage applied to properties' tax capacity in a given jurisdiction to determine the amount of property taxes each property owner is to pay. The tax levy divided by the tax base produces the tax rate.

"This Old House" — Legislation adopted by the 1993 Legislature that exempts from taxation, for a ten-year period, all or a portion of the value of improvements made to homes that are

at least 35 years old. Many statutory conditions restrict eligibility for this exemption.

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External Review

APPENDIX I

The following individuals assisted us in our review of Minnesota's property assessment system. We are grateful for their help and advice. This office remains responsible for the content of this review, including any errors it may contain.

TECHNICAL ADVISORY PANEL

A ten-person panel of assessors and others with relevant experience met with us periodically to provide feedback, technical guidance, and contacts with assessment professionals as we conducted the study. The technical panel also provided comments on a draft version of this report.

A. Keith Albertsen
Douglas County Assessor

Scott Lindquist
Former St. Louis County Assessor

Stephen Behrenbrinker
St. Cloud City Assessor

Richard Simmer
Assistant Manager, Assessment Services
Ramsey Co. Property Records and Revenue

Nancy Dahlman
Appraiser

Steven J. Taff
Associate Professor, Department of Applied
Economics
University of Minnesota

Gerald Garski
Assistant Director, Property Tax Division
Minnesota Department of Revenue

Edward Thurston
Anoka County Assessment Director

Steven Kuha
Cass County Assessor

Richard Toy
Minnetonka City Assessor

CONSULTANT

Our consultant helped us with technical questions and provided information on the strengths and weaknesses of various practices.

David Bernier
Former Minneapolis City Assessor

LOCAL GOVERNMENT ADVISORY COUNCIL

The Minnesota Legislature charged a local government advisory council with recommending local government services for best practices reviews by the Office of the Legislative Auditor. The council recommended the topic of property assessments in the fall of 1994. In addition, the council commented on a draft version of this report.

Brandt Richardson (chair)
Dakota County Administrator

Steve Sarkozy
Roseville City Manager

Dave Childs
Minnetonka City Manager

Eric Sorensen
Winona City Manager

Lynn Lander
Hermantown City Administrator

James Schug
Washington County Administrator

Charles Meyer
St. Louis Park City Manager

Michele Timmons
Ramsey County Risk Management Director