

Understanding Your Property Assessment

In Minnesota, property taxes provide most of the funding for local government services. Clay County collects the taxes and distributes the money between the County, all cities, including the City of Moorhead, townships, school districts and special districts such as the watershed districts, etc.

Each property's share of taxes is determined according to its value, use, and property tax levies. Assessors are responsible for estimating the fair market value of real estate and setting classification for tax purposes. They have no role or involvement with the collection of taxes, budgeting or financial matters of any jurisdiction.

Who are these appraisers and what are their credentials?

All appraisers employed by the City of Moorhead are licensed professionals. The State Board of Assessors governs and administers the licensure of assessors and sets stringent training and experience requirements. In addition, several staff are also licensed as Real Property Appraisers with the MN Department of Commerce.

What does the assessor do?

Classifies property

The property classification is based upon the use of the property. Individual classes of property have different class rates that are established by the State Statute and establish uniformity of taxation on like classes of property throughout the state. Depending on the class rate of the property, final taxes may be more or less than another property of the same market value with a different property class.

Estimates Fair Market Value

The law specifically requires that assessors view each parcel of real estate to appraise its market value. Property values change continuously along with market conditions. In addition to market fluctuations, physical changes are also considered when estimating the value of the property. All factors are considered in estimating the value of property. This requires periodic physical inspection of all property subject to assessment.

What is "market value"?

Minnesota Statute 272.03 defines "market value" as "the usual selling price... at the time of the assessment." It is "the price that could be obtained at a private sale or an auction sale, if the assessor determines that the price from an auction sale represents an arm's-length transaction. The price obtained at a forced sale shall not be considered. In other words... *Market Value = the price that would prevail under competitive, open market conditions.*

How does the assessor determine market value?

State law requires that the value and classification of real estate must be established as of January 2 each year. The Assessor's Office works throughout the year to estimate the market value of each property for the following January 2.

Views Property

Approximately every fifth year, an appraiser will inspect the property. In addition, all new construction, alterations or improvements will be inspected and its new value calculated for January 2 of the year following construction.

Gathers Information

The appraiser gathers information on all characteristics of the property that affect market value, such as size, age/condition, quality and basement finish, and features, such as fireplaces, porches, decks, etc.

Analyzes Sales

Each year, the assessor analyzes actual sales of property in each city. Sales in a 12-month time period preceding the January 2nd assessment date (from October 1st to September 30th) are reviewed to determine what properties have sold for on the open market. These sales are used as a guide to help determine what similar properties would likely sell for if they were placed on the market.

Computes Value

The property characteristics are entered into a computerized appraisal system. Information on actual sales is updated into the system to reflect market trends and compute each property's value. The market value estimated by the assessor should be very close to the amount the property would sell for if placed on the open market.

The State Board of Equalization requires the overall level of assessment to be between 90% and 105% of market value. Assessors in the City of Moorhead and Clay County consistently meet this standard.

Mail Notices

A Value Notice is mailed to each property owner around the end of March and the first part of April every year. The assessment on January 2 forms the basis for the following year's tax. For example, the value and classification on January 2, 2007 is used to calculate the tax payable in 2008.

What do I do if I think my property is valued or classified incorrectly?

After you receive your value notice (generally mailed in March – April)

Examine your notice; if you have a question OR if you think your property assessment for this year is incorrect, follow these steps:

Step 1: Talk to your assessor

- Call the number listed on the notice
- Discuss your concerns with the assessor/appraiser
- Review sales information
- The assessor will address issues and concerns to attempt resolution prior to the Board of Appeal and Equalization

**Step 2: Attend the “Local Board of Appeal and Equalization” (LBAE)
(OR Apply Directly to the Minnesota Tax Court - see step 4)**

- The Board of Appeal and Equalization meets at the city or township level
- The City of Moorhead LBAE usually meets the third Tuesday in April at 7:00PM
- Appeal in person, by letter, or by designated representative
- Call the assessment office – an appointment is necessary

Step 3: Attend the County Board of Appeal and Equalization

- You must first appeal to the Local Board of Appeal and Equalization
- Clay County BOAE usually meets the second Tuesday in June
- Appeal in person, by letter, or by designated representative
- Call the number listed on your valuation notice to make an appointment

Step 4: Appeal to the Minnesota Tax Court

Appeals must be filed by April 30 of the year following the assessment. For more information about Tax Court please call 651-296-2806 or visit www.taxcourt.state.mn.us

Regular Division

- Non-homestead property valued over \$300,000
- Appeal can be used for all property
- Attorney is recommended
- Decisions can be appealed to Supreme Court

Small Claims Division

- Non-homestead property valued under \$300,000
- All homestead property, provided that there is one dwelling unit per parcel per petition
- Denial of current year application for Homestead
- Attorney is not necessary
- Decisions are final