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# Assessment in St. Louis County

# ASSESSMENT IN ST. LOUIS COUNTY

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## **What does the assessor do?**

- Value and classify property

## **What does the assessor NOT do?**

- Collect taxes
- Calculate taxes
- Determine tax rates
- Establish property tax laws

# ASSESSMENT IN ST. LOUIS COUNTY

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## **Who does it?**

- True County system as of 2017
- County Assessor performs the assessment in all areas of St. Louis County

# ASSESSMENT IN ST. LOUIS COUNTY

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## How is it done?

- Mass appraisal
- Schedules based on property sales
- Statistics to measure assessment levels

# WHAT IS THE DIFFERENCE BETWEEN MASS APPRAISAL AND A SINGLE PROPERTY APPRAISAL?

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A Fee appraisal, AKA single property appraisal, is a comprehensive and detailed evaluation of a single property. It is often performed when a property is being sold, refinanced, or for other purposes such as estate planning or litigation. In a fee appraisal, the appraiser focuses on the specific characteristics of the property being evaluated, taking into account its location, condition, and improvements, as well as current market trends. The appraiser produces a detailed report that provides an estimate of the property's market value.

On the other hand, mass appraisal is the process of valuing a large number of properties in a uniform and systematic manner. This type of appraisal is often used for property taxation purposes, as it is a cost-effective method of determining the value of a large number of properties. In mass appraisal, the appraiser develops mathematical models based on market trends and the physical characteristics of the properties. The models are then used to estimate the value of each property in a given area. The focus is on providing an estimate of the value of many properties in a cost-effective and uniform manner.



# ASSESSMENT IN ST. LOUIS COUNTY

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## When is it done?

- Continuous process:
  - Assessment date: January 2<sup>nd</sup>
- Physical inspection required at least once every 5 years

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# The Assessment Process

# THE ASSESSMENT PROCESS

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- Estimating values
- Classifying properties
- Reviewing sales
- Equalizing values
- Appealing values and classifications



# ESTIMATING VALUES

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- According to Minnesota Law, all property is to be valued at its Full Estimated Market Value (EMV) as of January 2nd of each year
- Price that would tend to prevail under open market conditions
  - Typical, normal, competitive
- Non-market factors do not affect market value
  - Personalities, politics, relationships

# ESTIMATING VALUES

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- Assessor visits each property at least once every 5 years
- Exterior and interior inspection
- What the assessor is looking for:
  - Quality of construction
  - Condition of property
  - Building materials
  - Characteristics of amenities (land and structures)
  - Measurements and photos

# ESTIMATING VALUES

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- The assessor is not looking for personal property
  - Appliances
  - Furniture
- New construction and demolition is reviewed each year

# ESTIMATING VALUES

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- Assessor creates schedules based on property sales
- Schedules are applied uniformly to the jurisdiction being appraised

# THE ASSESSMENT PROCESS

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- ~~Estimating values~~
- Classifying properties
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# CLASSIFYING PROPERTIES

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- Property is classified according to its use on the assessment date – January 2<sup>nd</sup>
- Assessor determines classification
- Different classifications of property are taxed at different rates
- Classification rate is part of the tax calculation

# THE ASSESSMENT PROCESS

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# REVIEWING SALES

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- Certificate of Real Estate Value (eCRV)
  - Filed whenever vacant land is sold for over \$10,000
  - Filed whenever improved properties are sold for over \$25,000



# REVIEWING SALES

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- Sales verification procedure
  - Determines whether sale is appropriate for study
  - Transactions that are not 'arms-length' are rejected
  - Transactions that occur between willing & knowledgeable parties without any outside influence or undue duress

# SALES RATIO STUDIES

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- What is a sales ratio?
  - Assessor's EMV / Sales Price
- Each sales ratio study contains the arms-length sales from that study period
  - October 1, 2022, to September 30, 2023, for the 2024 EMV.

# SALES RATIO STUDIES

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- State and County use sales ratio studies to measure assessment levels
- Used to make adjustments to the following year's assessment
- Done in all jurisdictions of County and State
- Separate studies for different property classifications

# SALES RATIO STUDIES

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- The State requires a study if there are 6 or more sales
- State guidelines require the median ratio to fall between 90% and 105%
- If ratio is outside state guidelines, adjustments must be made
- Other statistics measure quality and uniformity

# THE ASSESSMENT PROCESS

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# EQUALIZING VALUES

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- If median ratio is low (below 90%)
  - Assessor increases values
- If median ratio is high (above 105%)
  - Assessor decreases values
- State Board of Equalization
  - Meets every spring to review assessment levels throughout Minnesota
  - Can order changes (with no appeals)

**Sales Ratio**

**=**

Assessor's EMV

**/**

Sale Price

**Median Ratio**

**=**

Midpoint of all ratios when arranged in order

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0.76

**1. Select sales for study**

0.81

0.83

**2. Arrange the Ratios**

0.86

Median  
Ratio



0.88

**3. Find the midpoint**

0.90

0.93

0.98

1.00

**If even number of ratios,  
find midpoint between the  
two ratios**

# THE ASSESSMENT PROCESS


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# Local Boards of Appeal and Equalization



# COMMONLY-HEARD QUESTIONS

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“I’m concerned about my assessed value going up. It means I will pay more tax.”

Yes? No?  
Maybe?

“The assessor’s job is to generate tax revenue.”

Yes? No?  
Maybe?

“If you lower values, the government will have less money to spend.”

Yes? No?  
Maybe?

“With all these higher values, what is the government doing with all this extra money they’re collecting?”

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# SHIFTS

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- The property tax system is complex
- St. Louis County has about 150,000 taxable parcels
- It is difficult to make predictions for the next year's tax based on the current year's assessment

# BACK TO THE QUESTIONS

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“I’m concerned about my assessed value going up. It means I will pay more tax.”

**No one can say for sure.**

“The assessor’s job is to generate tax revenue.”

**No. Assessor’s work is used to proportion the levy.**

“If you lower values, the government will have less money to spend.”

**No. The government collects only what it levies**

“With all these higher values, what is the government doing with all this extra money they’re collecting?”



# QUESTIONS



AS A BAYSIDER, WE OWN TWO “UNDERWATER “ LOTS BEHIND OUR HOUSE. WHY DO THE LOTS HAVE TWO VERY DIFFERENT VALUATIONS? WHY HAVE THE VALUATIONS RISEN OVER THE YEARS? WHAT IS USED AS A COMPARABLE FOR VALUATION? I’M CONFUSED.

- **ANSWER:** If the parcels are truly underwater for it’s entirety, then they will be the same value of \$100. However, Park Point sits on a body of water that constantly changes. That being said, we assess where the frontage shoreline sits based on the fly over that we do every 3-4 years and when we re-inspect the neighborhood every five years. If you have a difference in land value, it is likely because some portion of the shoreline is on the parcel. There may be actual land on the parcel and it may be contiguous ownership and land from other parcels that you own. We use the law of diminishing returns: meaning we have tier system based on a rate decrease with the more land you have that typically is creating a surplus or excess of land to your property. We do this consistently throughout the city. You may have different tier rates depending on how these parcels calculate in the totality of your entire contiguously owned property. This would be an excellent reason and example to consolidate your properties which is one of our initiatives on Park Point to make it less cumbersome to keep track of.

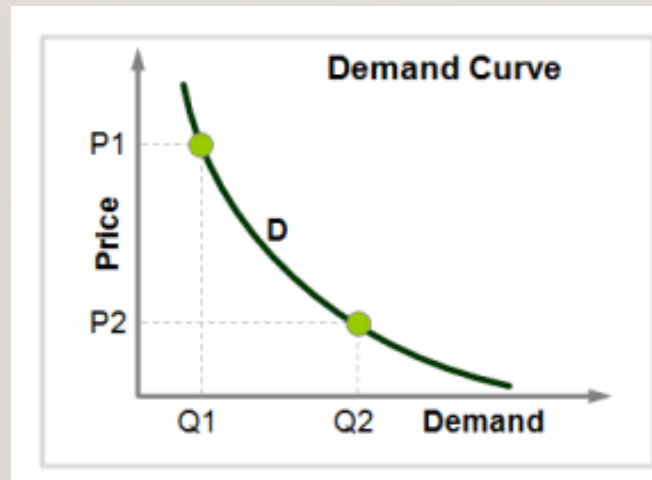


# PROS FOR PROPERTY OWNERS

- One valuation notice and one tax statement to keep track of. Rather than numerous statements.
- Free to combine
- Easy to understand your valuation

# PARCEL SIZE TIERING

- “Tiers” are how we account for diminishing returns
  - Quantity discount increases with size.





# Tiering



# WHAT DOES THIS MEAN FOR ME??

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- **What does this mean for my property valuation?**
    - *Your valuation will not change by consolidating your parcels. Your valuation is already the sum of all your individual parcel values.*
  - **Are we required to do this?**
    - *No, it is completely optional for the taxpayer. This is a proactive approach by St. Louis County to help the efficiency of valuations and understanding of property valuations for Park Point.*
  - **What if I want to split or sell a part of my property later?**
    - *This process is intended for properties that are not likely to be further divided in the future. If you decide to split up your parcels later, there is a \$75 (as of now) to split them back. This process may or may not have additional steps depending on your goals. Assessor's staff will be available at the meeting to further discuss these situations.*
  - **When will this be effective?**

# WHAT DO I NEED TO DO?

- Fill out a consolidation request form
  - We have staff on hand to help you look up your parcels
  - You decide what parcels will be consolidated
- Sign the form
  - It's Free to consolidate

# WHAT CAN'T I CONSOLIDATE?

- Non-contiguous parcels
- Parcels you are NOT current on with tax payments.
- Parcels that cross a road, stream, real alley, other people's parcels.

# YES! TO PROPERTY BUILT OVER MULTIPLE PARCELS

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# YES! – TO YOUR ENTIRE GROUP



# YES! TO PARTIAL CONSOLIDATION



# NO! TO CONSOLIDATE





# GOALS

- To get as many consolidations processed for 2025 Valuation Statements
- 60% of all possible consolidations on Park Point to be completed by next Inspection Year 2030.

# WHAT IF YOU'RE NOT SURE YET?

- You can call our office to get one filled out over the phone.
  - You can e-sign
- You can request a hard copy to fill out
- You can request one from your appraiser during inspections Summer/Fall 2024.

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- Questions?