

PROCEEDINGS OF THE COUNTY
BOARD OF APPEAL AND EQUALIZATION
OF MOWER COUNTY, MINNESOTA,
AT ITS REGULAR ANNUAL MEETING
June 17, 2019

The Board of Appeal and Equalization of Mower County, Minnesota, convened their annual session in the Commissioner's room of the Mower County Government Center at Austin, Minnesota, at 6:30 p.m. on June 17, 2019.

The following members were present and subscribed to the Oath of the Board of Appeal and Equalization:

Mike Ankeny, Chair
Jeff Baldus
Polly Glynn
Tim Gabrielson
Jerry Reinartz
Scott Felten, County Auditor-Treasurer

Staff Present: Trish Harren, County Administrator; Joy Kanne, Mower County Assessor and Candy Lahann, Renee Thorpe, Mike Kellar, Property Appraisers and Fran Bekaert, Property Appraiser Trainee

The Chair called the meeting to order and Laurie Clendenning, Chief Deputy Auditor-Treasurer, administered the oath to the Board.

The Chair asked for the assessor's report.

Joy Kanne, County Assessor, introduced her staff and presented a written report dated June 17, 2019 which is on file in the Assessor's office. The Assessor's report included information pertaining to total estimated market value by classification; new construction data, quintile review report and sales data. The valuations are as of January 2019 for taxes payable 2020.

APPEALS

Jim Hartson appeared before the Board requesting equalization among parcels and that better assessing is performed to bring equality. Mr. Hartson did not appeal the value or the classification on his properties. No formal appeal was presented. No action required.

John Johnson appeared before the Board to appeal the fifty percent (50%) homestead classification status on his property. During the course of the conversation it was revealed that Mr. Johnson errantly marked on the homestead application that his wife did not live on the property with him. Mr. Johnson was advised that he can complete an application for 100% homestead moving forward and can request a tax abatement for prior year(s) through the Auditor-Treasurer's office.

Rod Kvam appeared before the Board to appeal the value on some of his parcels. Mr. Kvam did not attend the local board of appeal; therefore, the County Board of Appeal and Equalization cannot act on Mr. Kvam's appeal. Assessing staff will review the parcel(s) with Mr. Kvam for value for possible changes for subsequent tax years.

Assessor staff provided the Board with information pertaining to an appeal following the local Board of appeal regarding the value made by Howard Jensen on parcel 14.028.0010. Staff reviewed the property and recommends changing the value from \$546,200 to \$451,100.

Motion made by Commissioner Glynn, seconded by Commissioner Gabrielson, to approve the appeal of Howard & Patricia Jensen on parcel 14.028.0010 and reduce the 2019 value from \$546,200 to \$451,100. Motion carried.

Assessor staff provided the Board with information pertaining to an appeal following the local Board of appeal regarding the value made by Richard & Terry Lamaack on parcel 28.001.1030. Staff reviewed the property and recommends reducing the 2019 value from \$113,100 to \$89,000.

Motion made by Commissioner Gabrielson, seconded by Commissioner Reinartz, to approve the appeal of Richard & Terry Lamaack on parcel 28.001.1030 and reduce the 2019 value from \$113,100 to \$89,000. Motion carried.

Assessor staff provided the Board with information pertaining to an appeal following the local Board of appeal regarding value made by Rebecca Chapek on parcel 24.001.0110. Staff reviewed the property and recommends changing the value from \$82,900 to \$46,500.

Motion made by Commissioner Glynn, seconded by Commissioner Baldus, to approve the appeal of Rebecca Chapek on parcel 24.001.0110 and reduce the 2019 value from \$82,900 to \$46,500. Motion carried.

Assessor staff provided the Board with information pertaining to an appeal of Joseph and Dana Cook regarding the classification of parcel 18.036.0110. The property owner has provided the proper documentation necessary to re-class the property from residential to agricultural and recommends to change the 2019 classification.

Motion made by Commissioner Glynn, seconded by Commissioner Baldus, to approve the appeal of Joseph and Dana Cook on parcel 18.036.0110 and change the 2019 classification from residential to agricultural. Motion carried.

Motion made by Commissioner Reinartz, seconded by Commissioner Glynn, to accept the assessor's report. The report is as follows:

Mower County Assessor's Office

MISSION STATEMENT:

To provide an accurate and equitable valuation and classification of all real and taxable personal property located in Mower County.

VISION STATEMENT:

The Assessor's Office staff will maintain accurate property records, strive for excellence in all areas of property appraisal and will work to create an open and trusting professional relationship with the taxpayers of Mower County.

June 17, 2019

To: Mower County Board of Commissioners
From: Joy Kanne, Mower County Assessor
Re: 2019 County Board of Appeal and Equalization



The purpose of this meeting is to provide taxpayers with the opportunity to appeal the market value and/or classification of their property as of the assessment date: January 2, 2019. The 2019 assessment will be the basis for property taxes payable in 2020. This meeting is to provide further appeal for those property owners who are not satisfied with the decision of the Local Board of Appeal and Equalization. This also provides an appeal opportunity to those property owners located in the jurisdictions that have transferred their local board powers to the County (Open Book Meeting).

The Assessor's Office does have on record and available for your review, an official listing of all property owners who attended the 2019 Local Board of Appeal and Equalization. A property owner must first appeal to the Local Board in order to make an appeal to the County Board of Appeal and Equalization.

Direct appeals can be made to the County Board if a taxpayer is in a jurisdiction with an Open Book Meeting. Currently 22 out of 34 jurisdictions have transferred their local board powers to the County.

If anyone should appear this evening, we ask that we are permitted to review those properties and report back to the County Board our findings at the reconvene meeting.

In order to comply with Minnesota Statute, the Assessor's Office provides value and service to all taxpayers of Mower County by:

- Administering laws governing assessment practices and policy as passed by the legislature and interpreted by the Department of Revenue.
- Conducting on site field reviews of all properties within a five year schedule (Quintile Review).
- Listening to taxpayer's concerns in conjunction with an appeal process that is fair and equitable.
- Analyzing market forces including a detailed verification and statistical evaluation of all real estate sales using interviews, inspections, regression and stratification.
- Maintaining and informing taxpayers of beneficial property tax programs such as homestead, veteran's exclusion, special ag and plat law.
- Reporting values and classifications, which provide the basis and starting point for the property tax system.

The most current measurement of the assessment was done over a one-year time period from October 1, 2017 to September 30, 2018. All qualifying sales transactions occurring within this time period are compared to the reference point of the assessment date and corresponding value on January 2nd, 2019. The difference between the sale price and the assessed value is expressed as a ratio (assessed value/sale price). The ratio provides the data and the impetus the assessor requires to closely emulate sales and modify similar properties on a mass appraisal scale to establish values for the 2019 assessment. The State dictates that these modifications produce new aggregate ratios by property type (i.e. residential, apartment, commercial/industrial, agricultural) in the range of 90-105%. The Assessor's Office continues to refine ratios beyond the jurisdictional level down to the neighborhood level with a specific ratio target. Employing this policy over all Mower County ensures an equitable distribution of the property tax burden for all taxpayers.

The market value of a property is a combination of a myriad of factors: Economic conditions, demographics, zoning, physical characteristics, government and policy, infrastructure, and supply and demand all interact in a complex way to produce a market value that is always changing. It would be unwise and unsound appraisal practice to put a predictive burden on the Assessor in regard to market values. During economic downturns there has been some pressure for the assessed values to be "more current". It is important to remember that the delay or stagnant nature inherent in the assessed value is universal and intentional due to the study period and the assessment date. These factors do not negate the validity or accuracy of the assessment.

It is the annual goal of the Mower County Assessor's Office to improve assessment accuracy and uniformity. As market data is gathered and the information analyzed, the market information is applied uniformly to all similar property types. When assessment inconsistencies are identified, the necessary corrections are made to bring these properties into uniform compliance.

TOTAL ESTIMATED MARKET VALUE

The total estimated market value (EMV) for the 2019 assessment in Mower County is approximately **\$4.8 billion**. As reported in the table below, this is a 2% increase in overall value from the 2018 assessment. Stratifying the EMV by class is a good representation of where market and new construction growth can be identified: the residential market had a 5% overall market increase, all apartment sales (4 units or more) over the past three years indicated a need to increase values and the Ag and Commercial markets indicated no significant value changes needed. The "other" category represents Commercial Seasonal Residential Recreational Class (campgrounds) and Manufactured Park Home class. Residential reassessment efforts continue to influence market values as property information is updated.

Growth by Classification

Mower County		2018	2019	NC	%
RESIDENTIAL	\$	1,591,814,200	\$ 1,675,567,500	\$ 11,459,400	5%
APARTMENT	\$	63,395,600	\$ 70,968,700	\$ 3,457,900	12%
COMMERCIAL	\$	222,408,200	\$ 224,280,800	\$ 3,395,500	1%
INDUSTRIAL	\$	53,735,100	\$ 56,288,900	\$ 2,438,100	5%
AGRICULTURE/RURAL	\$	2,776,269,100	\$ 2,786,347,400	\$ 1,922,700	0%
OTHER	\$	4,229,900	\$ 4,644,600	\$ 226,500	10%
TOTAL	\$	4,711,852,100	\$ 4,818,097,900	\$ 22,900,100	2%

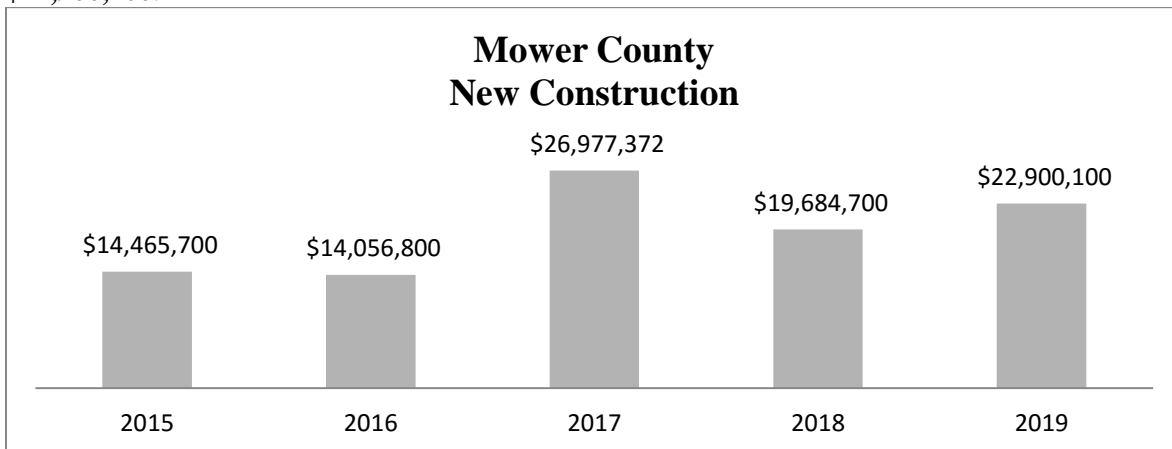
COMMISSIONERS' RECORD MOWER COUNTY, MINNESOTA

All Cities						
	2018		2019		%	
RESIDENTIAL	\$	1,177,800,700	\$	1,235,993,600	\$ 6,438,700	5%
APARTMENT	\$	61,766,200	\$	69,259,700	\$ 3,457,900	12%
COMMERCIAL	\$	197,675,600	\$	199,182,800	\$ 3,110,200	1%
INDUSTRIAL	\$	42,387,000	\$	45,013,000	\$ 2,438,100	6%
AGRICULTURE/RURAL	\$	27,246,800	\$	27,422,300		1%
OTHER	\$	1,580,700	\$	1,588,200		0%
TOTAL	\$	1,508,457,000	\$	1,578,459,600	\$ 15,444,900	5%

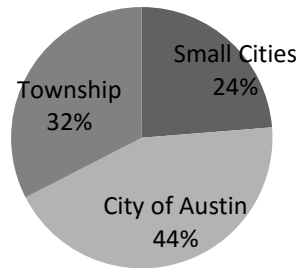
Townships						
	2018		2019		NC	%
RESIDENTIAL	\$	414,076,800	\$	439,573,900	\$ 5,020,700	6%
APARTMENT	\$	1,629,400	\$	1,709,000		5%
COMMERCIAL	\$	24,732,600	\$	25,098,000	\$ 285,300	1%
INDUSTRIAL	\$	11,348,100	\$	11,275,900		-1%
AGRICULTURE/RURAL	\$	2,749,022,300	\$	2,759,205,000	\$ 1,922,700	0%
OTHER	\$	2,649,200	\$	2,776,500	\$ 226,500	5%
TOTAL	\$	3,203,458,400	\$	3,239,638,300	\$ 7,455,200	1%

NEW CONSTRUCTION

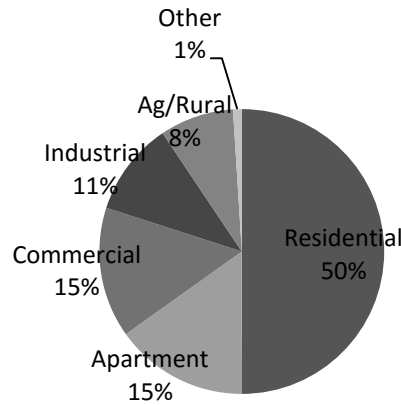
The amount of value that is added to the assessment due to new construction is a key economic indicator. New construction value expands the tax base and helps decrease each property owner's share of the tax burden. Value added due to new construction for the 2019 assessment was **\$22,900,100**.



New Construction Distribution in Mower County



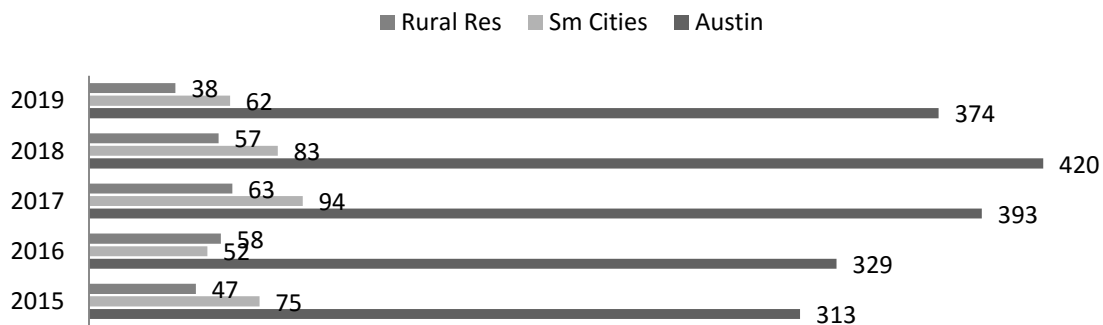
New Construction by Class Mower County



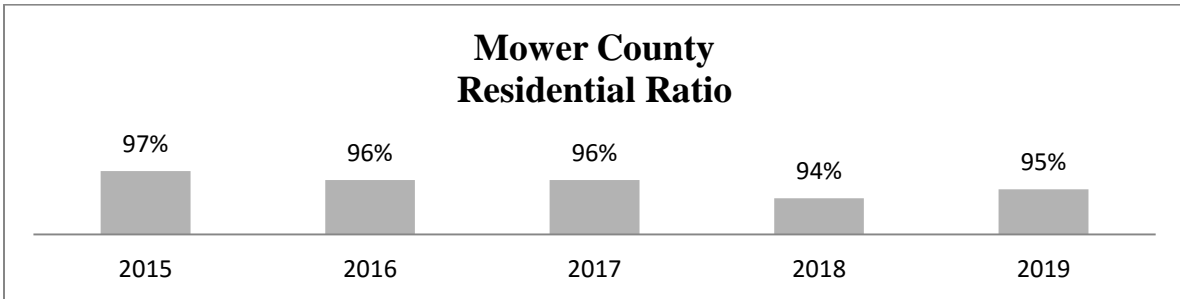
RESIDENTIAL

Mower County has had another year of a very strong residential market. High demand and low inventory have given sellers the edge and has created less room for price negotiation meaning less disparity between the listing price and actual sale price.

Number of Sales



The median sales ratio for residential property remains within the acceptable guidelines set forth by the Minnesota Department of Revenue (90% - 105%). Pairing strong sales with statistical analysis, the Assessor's Office is able to focus efforts on improving equalization in the residential market.



2019 QUINTILE REVIEW

JURISDICTIONS REVIEWED

- | | |
|--------------------------|-------------------------------|
| Dexter Township | Mapleview |
| Lyle Township | City of Dexter |
| Pleasant Valley Township | SW Quadrant of City of Austin |
| Racine Township | |

WHAT IS A QUINTILE REASSESSMENT?

Minnesota Statutes, section 273.01 requires that the assessor view property at least once every five years. This review is part of an ongoing revaluation program to ensure the accuracy of County data and to assist us in estimating a fair and equitable assessment of all property for property tax purposes.

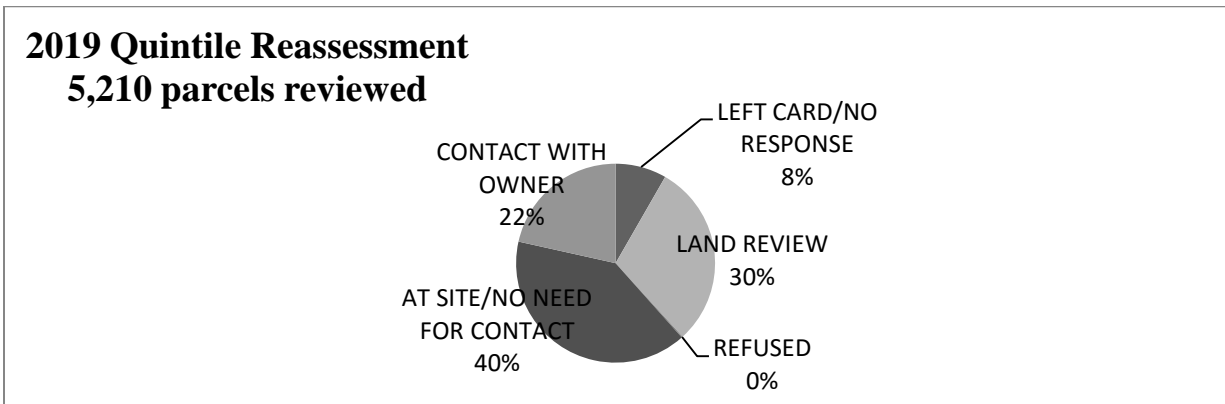
- County appraisers visit approximately 5,000 parcels County-wide.
- Appraisal staff view exterior and may request an interior review of the property to collect property characteristics used in estimating market value.

WHAT FACTORS CAN RAISE A MARKET VALUE?

- Updates to the existing data such as improvements made to the property (i.e. basement finish, updating amenities, adding square footage).
- In the process of equalization, using sales of comparable properties to determine the accuracy and consistency of the assessment.

IS THERE A LIMIT TO HOW MUCH A VALUE CAN INCREASE IN ONE YEAR?

No. State law requires the Assessor to value all properties between 90% - 105% of what the property could sell for in the current sales study period. Significant increases may be due to being located in a particularly strong market area.



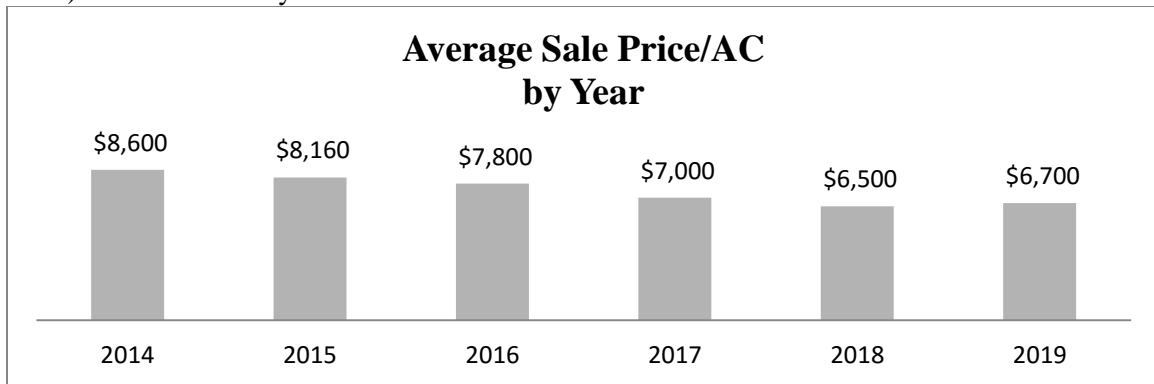
AGRICULTURE

The **preliminary 2018 sales ratio for the 2019 assessment was 91%**. Analyzing the 39 sales and applying a forward methodology, which indicated stability and market growth, no adjustments were made in any land use category. Sales occurring late in the sales study are indicating a stronger market than most would predict. Here in Mower County we have seen transactions with local buyers familiar with the tracts and a high motivation to acquire the land.

2018 ASSESSMENT DATA (sales occurring between 10/16 – 9/17)	
NUMBER OF SALES:	19
AVERAGE SALE PRICE/AC:	\$6,500
MEDIAN SALE PRICE/AC:	\$5,700
HIGHEST SALE PRICE/AC:	\$8,692
LOWEST SALE PRICE/AC:	\$2,210
MEDIAN SALES RATIO:	99%

2019 ASSESSMENT DATA (sales occurring between 10/17 – 9/18)	
NUMBER OF SALES:	39
AVERAGE SALE PRICE/AC:	\$6,700
MEDIAN SALE PRICE/AC:	\$7,100
HIGHEST SALE PRICE/AC:	\$10,290
LOWEST SALE PRICE/AC:	\$3,054
MEDIAN SALES RATIO:	91%

This historical chart represents ALL (arm's-length and not arm's length) tillable land sales (35+ acres) in Mower County.



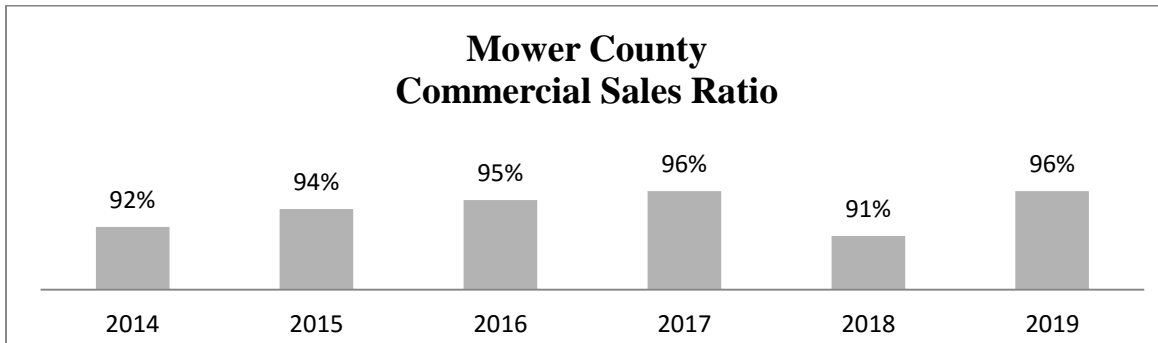
COMMISSIONERS' RECORD MOWER COUNTY, MINNESOTA

The current land schedule for the 2018 Assessment is as follows:

100 CER	\$9,000
AVG CER (72)	\$6,500
PASTURE	\$2,000
WOODS	\$2,200
WASTE	\$1,000
RIM	\$1,500
RR	\$1,000
WIND TURBINE SITE	\$20,000

COMMERCIAL

Mower County had 10 commercial sales for the 2019 Sales Ratio study. The property types included in these sales were: retail, office, shop and small warehouse space.



APARTMENT (4+ UNITS)

All apartment buildings with 10 + units were reassessed using an income methodology. The 12% growth represents these properties as it was discovered that market rent has made steady increases over the past five years. Austin continues to have a strong rental market with overall low vacancy.

**MARKET VALUATION CHANGE
BY JURISDICTION**

JURISDICTION	2018 EMV	2019 EMV	NEW CONSTRUCTION	% CHANGE	% CHANGE/NO NC
CITY OF ADAMS	\$ 35,097,400	33,961,200	80,100	-3%	-3%
CITY OF AUSTIN	\$1,216,729,100	1,289,644,600	10,010,100	6%	5%
CITY OF BROWNSDALE	\$ 27,460,200	28,808,500	1,391,600	5%	0%
*CITY OF DEXTER	\$ 21,466,000	22,764,000	152,700	6%	5%
**CITY OF ELKTON	\$ 11,319,100	11,134,400	16,000	-2%	-2%
CITY OF GRAND MEADOW	\$ 57,428,200	56,072,800	1,784,300	-2%	-5%
CITY OF LEROY	\$ 41,816,300	41,525,600	197,000	-1%	-1%
CITY OF LYLE	\$ 17,684,100	18,044,700	168,400	2%	1%
CITY OF MAPLEVIEW	\$ 5,236,200	5,674,400	20,500	8%	8%
CITY OF RACINE	\$ 32,831,600	35,481,200	1,286,500	8%	4%
CITY OF ROSE CREEK	\$ 17,015,100	17,650,100	195,700	4%	3%
***CITY OF SARGEANT	\$ 7,044,500	7,328,300	69,000	4%	3%
****CITY OF TAOPI	\$ 3,175,200	3,451,800	0	9%	9%
****CITY OF WALTHAM	\$ 6,421,700	6,918,000	73,000	8%	7%

COMMISSIONERS' RECORD MOWER COUNTY, MINNESOTA

JURISDICTION	2018 EMV	2019 EMV	NEW CONSTRUCTION	% CHANGE	% CHANGE/NO NC
ADAMS TOWNSHIP	\$ 163,598,600	164,930,700	310,700	1%	1%
AUSTIN TOWNSHIP	\$ 157,408,900	162,103,800	526,900	3%	3%
BENNINGTON TOWNSHIP	\$ 164,534,700	165,180,900	172,900	0%	0%
CLAYTON TOWNSHIP	\$ 169,101,000	169,056,600	287,900	0%	0%
DEXTER TOWNSHIP	\$ 166,132,200	166,235,800	113,500	0%	0%
FRANKFORD TOWNSHIP	\$ 144,324,700	147,450,800	761,100	2%	2%
GRAND MEADOW TOWNSHIP	\$ 174,708,000	176,990,700	489,100	1%	1%
LANSING TOWNSHIP	\$ 174,076,900	173,264,700	388,200	0%	-1%
LEROY TOWNSHIP	\$ 148,479,100	149,508,900	414,700	1%	0%
LODI TOWNSHIP	\$ 162,557,600	162,629,000	269,100	0%	0%
LYLE TOWNSHIP	\$ 145,854,000	146,992,700	429,000	1%	0%
MARSHALL TOWNSHIP	\$ 167,661,600	169,190,700	533,000	1%	1%
NEVADA TOWNSHIP	\$ 154,275,400	155,849,600	753,900	1%	1%
PLEASANT VALLEY TOWNSHIP	\$ 137,832,200	139,853,300	200,100	1%	1%
RACINE TOWNSHIP	\$ 170,050,300	175,855,400	495,000	3%	3%
RED ROCK TOWNSHIP	\$ 175,179,900	176,008,000	285,400	0%	0%
SARGEANT TOWNSHIP	\$ 159,064,800	162,066,400	315,500	2%	2%
UDOLPHO TOWNSHIP	\$ 155,084,200	156,280,400	40,600	1%	1%
WALTHAM TOWNSHIP	\$ 163,735,600	167,592,400	282,100	2%	2%
WINDOM TOWNSHIP	\$ 151,157,500	152,597,500	386,500	1%	1%
*493 AC OF TILLABLE					
**684 AC OF TILLABLE					
***429 AC OF TILLABLE					
****123 AC OF TILLABLE					
*****198 AC OF TILLABLE					

Motion carried.

Motion made by Commissioner Baldus, seconded by Commissioner Gabrielson, to adjourn the meeting at 7:35 p.m. Motion carried.

At the request of the Administrative Assistant, the meeting was reconvened for one additional action item.

Motion made by Commissioner Glynn , seconded by Commissioner Baldus, to approve the minutes of today's meeting subject to review of the chair. Motion carried.

Motion made by Commissioner Baldus, seconded by Commissioner Gabrielson, to adjourn the meeting at 7:37 p.m. Motion carried.

THE BOARD OF APPEAL AND EQUALIZATION

BY: _____ **Chairperson**

Attest:

By: _____
County Auditor-Treasurer

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