



## **Property Valuation Process**

**December 4, 2008**

# Property Valuation Process

## Pay 2009

- Estimated Market Value is established on January 2, 2008
- The estimated market value is reflective of the sales that occurred in the market between **October 1, 2006 – September 31, 2007** (Sales occur from 26 months-14 months prior to using value for taxation)
- Market conditions at that time
  - The number of sales from previous sales period dropped almost 27%
  - Median sale price of residential property countywide decreased by 1.59 % from 2006 to 2007 (source: St. Paul Realtors)

# Property Valuation Process

## Why Does the Process Work like this?

- ❑ Required by state law
- ❑ Provides property owners a chance to appeal their values prior to them being used for taxation purposes
- ❑ Impact is that values lag behind when residential values are increasing quickly and also lag when the market softens and values begin to flatten or decline

# Property Valuation Process

## 2009 Values (For taxes paid in 2010)

- ❑ The 2009 estimated market values are established on January 2, 2009
- ❑ The 2009 estimated market value will be reflective of the sales that occurred in the market between **October 1, 2007 – September 31, 2008**
- ❑ **Valuation Notices Mailed March of 2009**

# Market Conditions

## Current Sales Period

- ❑ Number of “good” sales are down 32% from last year
- ❑ Number of bank involved sales are up 155%
- ❑ Based on the good sales in the County, it shows values dropping 5.6% (although it varies greatly between communities)
- ❑ Two very different markets (traditional versus foreclosure, bank mediated)
- ❑ We are required by State law to only consider “good” sales in our analysis and make adjustments accordingly

# Property Valuation Process

## Options Available:

- Call the appraiser (Phone # included on Valuation Notice)
- Go to Local Board of Review/Open Book Meeting (April & May)
- County Board of Equalization (June)
- Minnesota Tax Court
- No administrative changes allowed after **July** (unless clerical/data entry error)

# Property Valuation Process

## Appraisers Available tonight

- ❑ Meet with property owners
- ❑ Schedule visits to review property
- ❑ Gather any information you might have
- ❑ Any changes would be made for AY 2009 for Taxes Payable in 2010 (unless property owner chooses tax court option)

# Property Valuation Process

## Impact of Limited Market Value Law:

- ❑ If your property rose in value significantly in last couple of years, the taxable value may still be catching up to the Estimated Market Value
- ❑ Limited Market Value Law is phasing out, with last year in Pay 2009. For Pay 2010 there will no longer be any law that shields how much a property's taxable value may increase.

*Note: The TNT notice only includes Taxable Value, does not show Estimated Market Value*

# Property Valuation Process

## Summary:

- ❑ Appeal times follow mailing of Value Notice in March
- ❑ Values are based on sales periods that occur a considerable amount of time prior to their use in levying taxes
- ❑ Value changes can impact taxes if more or less than the average, but other factors impact as well

# Questions?