

Assessment Overview

Minnesota Law establishes specific requirements for the entire property tax system, including the assessment of property. All assessors are licensed professionals and Hennepin County requires additional training. Standards of measurement mandated by the state tightly constrain the flexibility to make adjustments to property values. The law requires the following:

1. All real property is to be assessed at “market value,” which is defined as the usual or most likely selling price. In other words, “market value” equals the price that would prevail under competitive, open-market conditions.
2. The assessor classifies property according to state law.
3. The assessor must establish the EMVs and classifications as of January 2 of each year.
Note: The assessor works throughout the year to estimate the market value of each property for the following January 2.

Estimated Market Values (EMV) are determined for each parcel of property each year. EMVs are determined by the local assessor. The work of the local assessor is monitored by the county assessor, whose work is in turn monitored by the Minnesota Department of Revenue. State law requires that each individual property be inspected by the assessor at least once every 5 years. The assessor uses state standards regarding valuation of buildings and land, as well as information regarding the local real estate market to determine EMVs. Once building and land information is determined, the assessor uses a

computer aided mass appraisal (CAMA) system to determine the EMV for each property. This allows both buildings and land to be revalued on an annual basis, which adds to the accuracy and equity of the assessment process.

Accuracy and Equity are measured by the ...

Sales Ratio Standard, which is simply the assessor’s EMV divided by the actual selling price. For example, a house having its EMV assessed at \$285,000 and an actual selling price of \$300,000 equals a sales ratio of 95% ($\$285,000 / \$300,000 = 0.95$). The state has determined that sales ratios between 90% and 105% are acceptable. However, to ensure equalization within the county, the county assessor’s goal is for the median (midpoint) sales ratio to be as close as possible to 95% for every city. So each fall the county assessor compiles a sales ratio study based on actual sales from October of the previous year through September of the current year for each city in the county. Evidence suggesting a forced sale, foreclosure, a sale to a relative, or anything other than an arms-length transaction requires the sales to be discarded from the sales ratio study. If the median sales ratio is above or below the 95% goal in the fall study, the assessor will make market adjustments to the assessments for the following year. At times, local assessments have been adjusted by the county assessor or the state to meet the 90% minimum median sales ratio standard to help ensure countywide and statewide equalization of property assessments. Six sales are needed for a classification’s (lakeshore, off-shore, condos)

median sales ratio to be valid. If a city does not have six sales in a classification, the assessor will look to neighboring cities to help determine the market adjustments to be made.

Public Information related to assessments is provided on the city’s website (www.greenwoodmn.com). Items include:

- [2009 County Sales Ratio Study](#) for all cities in Hennepin County.
- [2009 City Sales Ratio Study](#) detail for all sales in the city from October 2008 to September 2009.
- The [2009 to 2010 Assessment Change](#) for all properties in the city.
- [Tax Basics](#) sheet that includes a comparison of city tax rates as well as information regarding the appeal process.
- [Assessment Growth Chart](#) showing the percent of change for Lake Minnetonka cities over the past 11 years.

Questions? Please contact Local Board Chair / Greenwood Mayor, Deb Kind, 952-401-9181, d.kind@mchsi.com.