



UNDERSTANDING THE PROPERTY TAX PROCESS

Deborah A. Erickson, County Auditor-Treasurer

Minnesota has a 3-step process for determining property taxes; and the reverse side of this insert outlines and details the assessment process which corresponds with Step 1 of the 2016 payable tax year. In this mailing, you are also receiving your property tax bill which is Step 3 of the 2015 payable tax year. We hope you find the combined mailing and outline of the process an informative and useful tool. You will find the visual aids below illustrate the comparisons of neighboring counties and help to explain how your county tax dollars are distributed.

We are committed to offering tax payment options that meet customer needs and provide for the most efficient and cost-effective service. Payment options include:

- In person via cash, check or credit card. We are located on the second floor in the Historic Courthouse at 326 Laurel Street, Brainerd, MN 56401.
- By mail via check or money order. Postmarks will be used to determine if a payment is subject to late penalties. Please make sure to mail payments 2-3 days prior to the due date to ensure postmark is applied correctly.
- Online via e-check, debit or credit card. Log onto the county website at www.crowwing.us, click on Online Services, and select "Make a Payment" under Auditor-Treasurer. You will need your 15-digit parcel identification number for each parcel paid.
- Via telephone with e-check, debit or credit card by calling 1-855-473-7027. You will need your 15-digit parcel identification number, and follow the stated prompts.

Dividing Up Your Tax Dollar

On average, for all property taxes levied, the County keeps 33¢ of every dollar to provide services.

The remaining 67¢ is distributed to cities, townships, school districts, and special districts such as hospitals, HRA's, or sewer districts.

*In most instances, commercial and seasonal recreational properties will pay state general tax in addition to a portion of the school district tax.



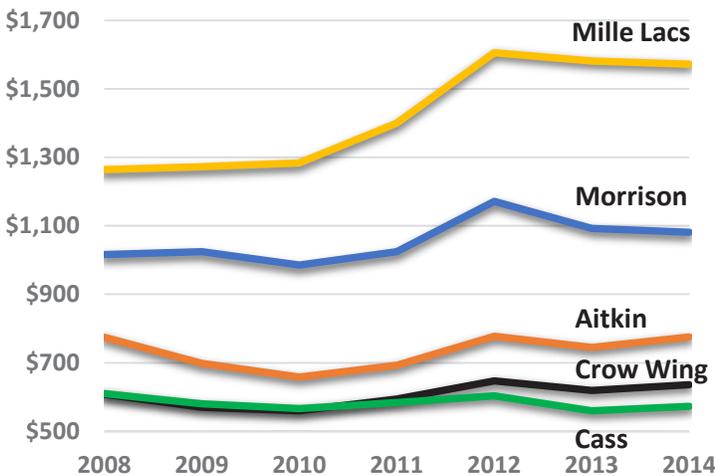
33¢ County
 28¢ City or Township
 38¢ School District or State General Tax*
 1¢ Special districts

How Your Tax Dollars Buy County Services

Description of Transaction	Balance
Public safety	\$12.50
General government	\$10.27
Community services	\$ 7.59
Debt service	\$ 6.70
Highway	\$ 4.91
Land services	\$ 1.79
Capital projects	\$ 0.89

Residents receive a variety of County services at an affordable price. The cost of County services in 2015 for a homeowner in Crow Wing County with an assessor's market value of \$176,000 (the County's estimated average market value) was \$44.65 per month. The value received from County services compared favorably to charges of other monthly bills.

County Tax on a \$200,000 Homestead Property





Land Services Department
Land Services Building
322 Laurel Street, Suite 15
Brainerd, MN 56401

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Gary Griffin, Land Services Supervisor, Property Valuation and Classification

Highlighted below are some of the major components – and challenges – of the property assessment process and issues to be aware of when reviewing your valuation notices.

- **A State Prescribed Process.** Although counties perform the bulk of assessment work in Minnesota, the policies and procedures we must follow are determined by the state legislature. State rules govern how we classify and value properties, based on physical characteristics, use of the property, and sales of comparable properties during a prescribed period. Only “arms-length” transactions may be used for comparable sales, which precludes us from using foreclosure sales when we determine values. In addition, state rules require Crow Wing County assessed values to fall within a statistical range determined by the state. If our assessment is outside the set range, the state requires all property values to be raised or lowered accordingly.
- **The Time Lag Confusion Factor.** The state’s assessment rules also require us to use property sales which occurred as long as 18 months ago to determine assessed values. This time lag creates confusion when current market conditions do not reflect sales which occurred up to a year-and-a-half ago. For example, the current notice reflects the 2015 assessment based upon sales of comparable property occurring between October 2013 and September 2014. As a result 2015 assessed values may not reflect current market conditions. In periods when real estate prices are rising, this time lag delays increases in valuations. During times of declining real estate values, this effect understandably generates inquiries from taxpayers concerned that the assessment does not reflect current market conditions.
- **Assessment vs. Taxes.** Although all of us rightly are concerned with the assessed value of our property, the spending decisions of local governments – county, cities, townships and school districts – determine whether tax rates go up or down. For example if the assessed value of all properties in Crow Wing County went down equally by 10 percent, property taxes could still be higher if the budgets of local governments were higher. Assessment valuations are determined based upon comparable sales values and without regard to tax rates. The tax rates are determined at a later point, based upon the level of spending approved by local elected officials at the county, city, township and school district levels. Local units of government determine how much they need to run their operation. Values are only used to determine how big a share of that spending each of us will have to pay.
- **Slicing the Spending Pie.** Paying property taxes is like slicing a pie. Government spending is the pie. The value of each property determines how big a slice of that pie each property owner pays in taxes. There are five main reasons why a property owner may see higher taxes one year to the next. If none of these things occur, property taxes owed should not be more from one year to the next. They reasons are:
 1. Government spending went up. **It is important to note Crow Wing County reduced spending in 2015. This is the fifth year in a row the County Board has reduced county tax levy spending.**
 2. The property’s market value decreased at a lower rate than other properties.
 3. The property’s market value increased at a higher rate than other properties.
 4. The property classification changed.
 5. The state changed the rules, as it did in 2011, converting the homestead credit to homestead exclusion.
- **Questions or Concerns.** If you have concerns about your valuation notice I encourage the following:
 1. Check your value and compare it to last year. Some areas in the county have seen an increase in value, but not all.
 2. Check to see whether the classification of the property has changed from last year. The legislature often changes the property classifications we must utilize, and a change in classification could change your tax rate.
 3. Check the spending levels of your local governments – county, cities, townships and school districts - have they gone up, down or stayed the same?
 4. Note that the valuation is based on property sales occurring during the period of October 2013 to September 2014, and therefore may not reflect market conditions. Again, this is part of the state-prescribed process we must follow.

If you still have questions, I encourage you to visit our website or call our office to speak with one of our assessors to answer any questions you may have. We will address your concerns in a courteous and professional manner. We expect to be held accountable to our standard of excellent customer service and well-managed policies and procedures. Please feel free to contact our office by phone, email, or in person with questions or feedback you may have. We are located in Brainerd on the main floor of the Land Services Building, 322 Laurel Street. Our phone number is 218/824-1010 and our email address is assessor@crowwing.us. Or, visit our website at www.crowwing.us.

We look forward to working with you!