

Aitkin County Board of Commissioners
Request for County Board Action/Agenda Item Cover Sheet



To: Chairperson, Aitkin County Board of Commissioners Date: 7/18/12

Via: Patrick Wussow, County Administrator

From: Mike Dangers, County Assessor

Title of Item:

Property Tax Programs for Disaster Relief

Requested Meeting Date: 7/24/12 Estimated Presentation Time: 15 minutes

Presenter: Mike Dangers

Type of Action Requested (check all that apply)

- For info only, no action requested
- For discussion only with possible future action
- Let/Award Bid or Quote (attach copy of basic bid/quote specs or summary of complex specs, each bid/quote received & bid/quote comparison)
- Approve/adopt proposal by motion
- Authorize filling vacant staff position
- Request to schedule public hearing or sale
- Request by member of the public to be heard
- Item should be addressed in closed session under MN Statute _____
- Approve under Consent Agenda
- Adopt Ordinance Revision
- Approve/adopt proposal by resolution (attach draft resolution)
- Other (please list) _____

Fiscal Impact (check all that apply)

- Is this item in the current approved budget? Yes _____ No _____ (attach explanation)
- What type of expenditure is this? Operating Capital Other (attach explanation)
- Revenue line account # that funds this item is: _____
- Expenditure line account # for this item is: _____

Staffing Impact (Any yes answer requires a review by Human Resources Manager before going to the board)

- Duties of a department employee(s) may be materially affected. Yes No
- Applicable job description(s) may require revision. Yes No
- Item may impact a bargaining unit agreement or county work policy. Yes No
- Item may change the department's authorized staffing level. Yes No



Supporting Attachment(s)

- Memorandum Summary of Item
- Copy of applicable county policy and/or ordinance (excerpts acceptable)
- Copy of applicable state/federal statute/regulation (excerpts acceptable)
- Copy of applicable contract and/or agreement
- Original bid spec or quote request (excluding complex construction projects)
- Bids/quotes received (excluding complex construction projects, provide comparison worksheet)
- Bid/quote comparison worksheet
- Draft County Board resolution
- Plat approval check-list and supporting documents
- Copy of previous minutes related to this issue
- Other supporting document(s) (please list) _____

Provide (1) copy of supporting documentation NO LATER THAN Wednesday at Noon to make the Board's agenda for the following Tuesday. (If your packet contains colored copies, please provide (4) paper copies of supporting documentation as we do not have a color printer or copier.) Items WILL NOT be placed on the Board agenda unless complete documentation is provided for the Board packets.



**OFFICE OF
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MEMO

July 18, 2012

To: County Board of Commissioners

From: Mike Dangers, County Assessor

Re: Property Tax Programs for Disaster Relief

The recent flood event has caused substantial personal property damage in several areas of Aitkin County. The State has provided programs to help lessen the financial burden on some property owners through special property tax credits and abatements. Included in this packet is a copy of the disaster property tax fact sheet and a two page flowchart that describes the available programs in greater detail.

Basically, there is a local option disaster credit and local option disaster abatement that both require a minimum of 50% structure damage to qualify. The abatements could provide a benefit for taxes payable in 2012 and the credits could provide a benefit for the taxes payable in 2013. These benefits could potentially apply to any type of taxable property. The other program is the homestead disaster credit that can potentially provide a tax reduction for property owners regardless of the percentage of damage to their primary residential home. The homestead disaster credit would apply to 2013 taxes.

A key point that needs to be emphasized is that the State Executive Council must approve our application for property tax aid in order for these property tax programs to be reimbursed. Based on preliminary estimates, it appears that we should meet the minimum criteria for approval of this application. Otherwise without Executive Council approval, abatements would result in tax shifts and not true aid to the County.

A flood reassessment is being conducted by the County Assessor's Office right now to quantify the damage to private property. The Department of Revenue also provided three employees to assist us at various times last week, free of charge to the County. The start date of the assessment was delayed due the inaccessibility of many properties. We will provide exact numbers of damaged properties to you once the flood assessment is complete.

Please contact me if you have any questions at 927-7340.

Property Tax Relief for Property Damaged or Destroyed by A Natural Disaster

Disaster
Relief

Property Tax Fact Sheet: Disaster Relief

Fact Sheet

Tax relief for damaged or destroyed property

If your property sustained 50 percent or more damage or was destroyed during the recent disaster, you may be eligible for property- tax relief including:

- Property tax Abatements for taxes payable in the year of the disaster.
- Property tax Credits for taxes payable in the year following the disaster (relating to the assessment year in which the disaster occurred).

What should property owners do?

You should visually inspect your property and make notes of the damage that you observe. Document the damage with photographs whenever possible. This information may be valuable if you disagree with the amount of damage that the assessor determines your property has sustained.

If the assessor has not reassessed your property already and you believe your estimated market value has been reduced due to the disaster or damage, contact your county assessor's office. Ask to have an assessor view the damage for the purpose of property tax relief.

An assessor will view the property to estimate the damage resulting from the disaster. The assessor will determine how much your property's estimated market value has been reduced as a result of the damage.

To make certain that all damage is noted, you should be sure that your property has been reassessed before you begin to reconstruct or repair your property. In addition, keep copies of any estimates you receive from contractors regarding the estimated costs to repair the damage.

Additional information concerning these types of property tax relief can be obtained by calling your county assessor's

office. Applications for property tax relief for damaged or destroyed properties are also available at your county assessor's office.

How will the reassessment affect taxes?

Estimated market value is the value your assessor has estimated your property would sell for if offered for sale. This value is very different from a property's insurance value, which typically reflects the cost of replacing a structure. Consequently, insurance values are often times significantly higher than the assessor's estimated market value.

For example: A property owner has an older garage. Although old, the garage functions well for the purpose it was constructed. In establishing the garage's estimated market value, the assessor estimates how much it would add to the overall value of the property if the property were sold. This may be a very minimal amount of \$500 or \$1,000. However, the insurance value would reflect the cost of **replacing** the garage with one that provided the same function as the original. The cost of this replacement could easily range from \$5,000 to \$10,000 or more.

Assessors will review a number of factors in order to determine how the benefit is applicable to your property. Thus, it is important to follow the instructions above and retain any applicable documents.

Options for non-homestead property

State law allows the county board, **at its discretion**, to extend property tax relief to all types of property including commercial, industrial and agricultural outbuildings that meet the damage criteria outlined above. If you believe that a structure has sustained damage of 50 percent or more in value due to a disaster contact your county assessor's office.

For more information, please contact the Aitkin County Assessor's Office at:

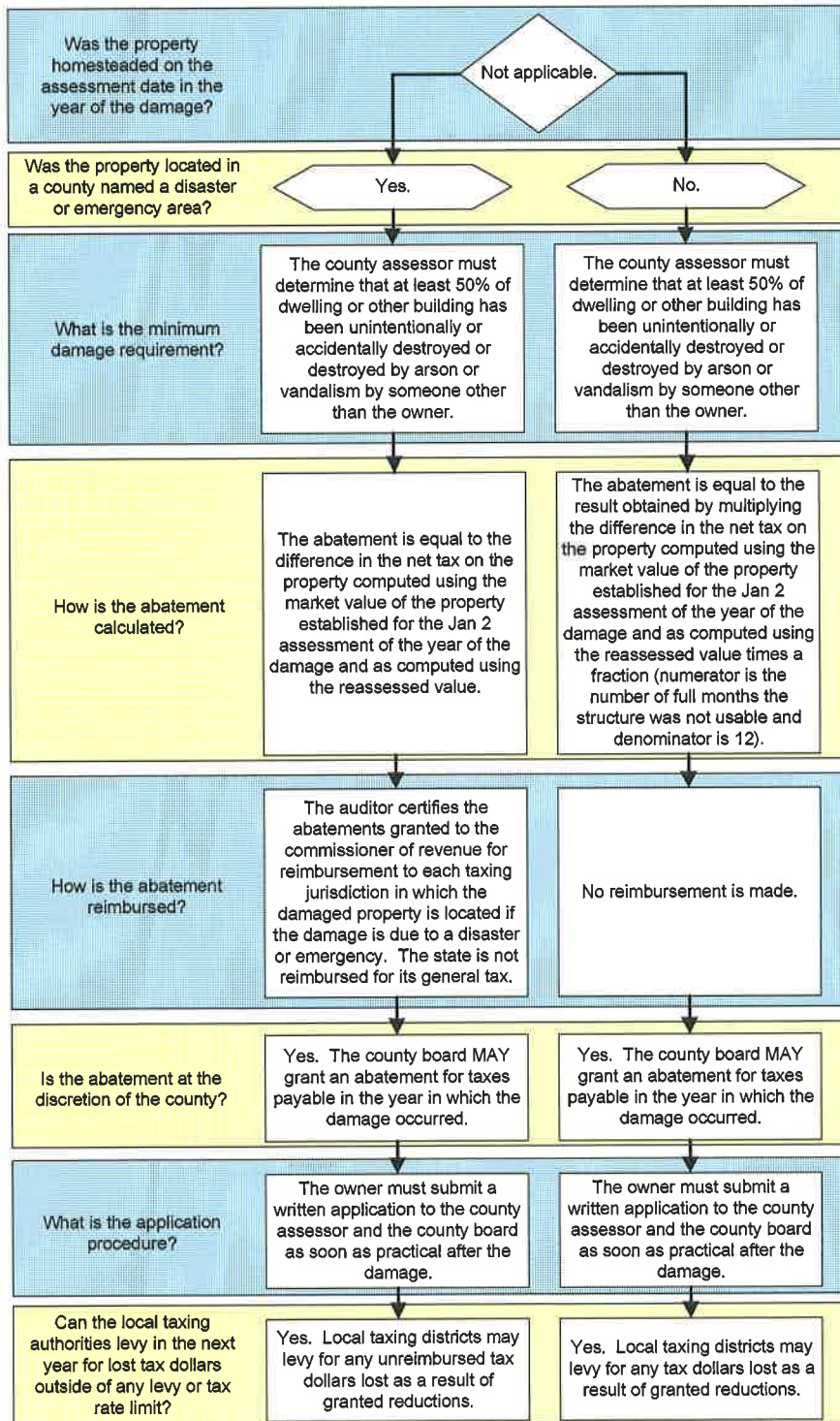
(218) 927-7327

MINNESOTA · REVENUE

PACKET 3 – Disaster Relief and Follow Up
Disaster Relief Flowcharts

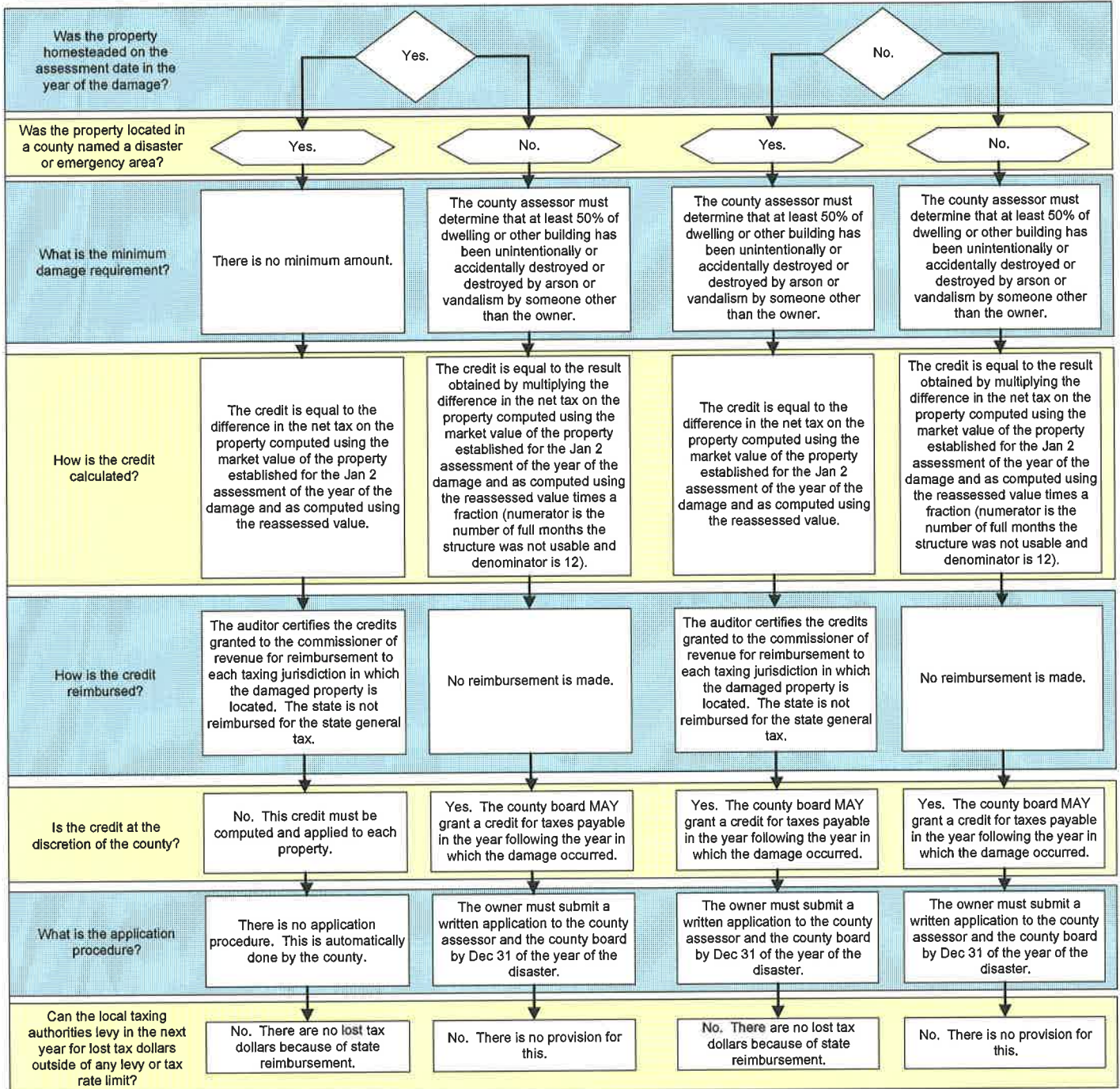
Revised 10/2010

Local Option Disaster Abatement
(for taxes payable the year in which the destruction occurs)



Homestead Disaster Credit and Local Option Disaster Credit

(for taxes payable the year following the damage)



Statutory Reference

M.S. 273.1234

M.S. 273.1235

M.S. 273.1235

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