



Board of County Commissioners Agenda Request



Requested Meeting Date: November 23, 2021

Title of Item: Property Tax Abatement Policy

<input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	Action Requested: <input checked="" type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft) <i>*provide copy of hearing notice that was published</i>	<input type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing*
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Submitted by: Mike Dangers	Department: County Assessor
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Presenter (Name and Title): Mike Dangers, County Assessor	Estimated Time Needed: 10 minutes
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Summary of Issue:

The Minnesota Department of Revenue recently conducted a review of the operation of the Aitkin County Assessor's Office. This review is being done to many counties around the State this year in an effort to provide county assessors with detailed feedback on how to improve their assessment practices.

One item that the DOR staff identified as an issue is our lack of a formal, written property tax abatement policy. Tax abatements are reductions in value or changes to class that result in a tax reduction after the appeal meetings are over. Examples of situations where abatements are requested include the list on page 2 of the draft policy.

Abatements are intended to be used sparingly because they involve a process that can circumvent the normal appeals process of the boards of appeal and equalization and the Minnesota Tax Court. Abatements also can become costly since tax payments may need to be refunded with no reimbursement from the State.

Please review the language of the policy and provide feedback on possible changes. Please pay special attention to the definition of hardship since Statute requires the County Board to define this. Contact Mike with any questions.

Alternatives, Options, Effects on Others/Comments:

The Department of Revenue is recommending a written abatement policy but the County Board is not required to approve a written policy.

Recommended Action/Motion:

Approve the policy as drafted. This will help better ensure consistency in the administration of abatements.

Financial Impact:

Is there a cost associated with this request? Yes No

What is the total cost, with tax and shipping? \$

Is this budgeted? Yes No *Please Explain:*

Aitkin County Property Tax Abatement Policy

Aitkin County Auditor's Office
Aitkin County Assessor's Office
Last Revision Date: 11/15/2021
County Board Approval Date:
DRAFT

Policy Purpose: Abatements are granted to help ensure fairness and equity in the property tax system. They should only be used as a last resort to correct errors. Abatements are used sparingly since they can result in costly administrative expenses to county government and a loss in tax levy revenues.

Definitions: **Abatements** are actions made to reduce the property tax amount for a property due to a change in market value or classification and any associated costs, penalties, or interest. Abatements for taxes beyond the current taxes payable year may only be granted for **clerical errors** or **hardship** per Minnesota Statute § 375.192.

Clerical Errors have been defined by the Minnesota Department of Revenue as mistakes made by someone doing the work of a clerk such as the transposition of numbers, math errors, keypunch errors, and coding errors. Clerical errors do not include objective or subjective changes related to property valuation or classification.

Hardship is defined by the Aitkin County Board as any event or circumstance beyond the control of the applicant which precludes the applicant from filing for a reduction or an adjustment of the property tax in a timely manner. Examples of hardship include, but are not limited to, documented tragedy or casualty such as an extended medical condition, taxpayer's full-time military service outside of the State, death of the property owner or a close member of the family, a house fire, or an accident which prevents the property owner from filing a timely appeal of the value or classification of the property.

Basic Procedure: Abatement applications are made in writing to the County Assessor on the Aitkin County Abatement Application Form. While all completed applications for abatement are considered, not all are approved. If the County Assessor approves the abatement, the County Auditor (or deputy) considers it. If the County Auditor (or deputy) approves the abatement, then the abatement is granted. The Aitkin County Board of Commissioners has delegated the responsibility and authority for final abatement approval to the County Auditor according to Minnesota Statute § 375.192 subdivision 4.

Situations Where Abatements **Shall Not Be Granted:**

- The abatement application is for taxes due in a taxes payable year greater than two years ago.
- The applicant has not made application for a program or classification on time. This includes tax exemption, homestead, seasonal restaurant on a lake, 2c

managed forest, green acres, marina, resort, homestead resort, or rural preserve.

- The tax reduction as a result of the abatement is less than \$50.
- The applicant did not receive notices or statements from the County. It is the owner's responsibility to pay their taxes even if they did not receive a statement.
- The applicant claims their property is overvalued without a documented error on the assessment records.
- The applicant's property sells for less than the estimated market value and the property is valued equally in comparison to similar property.
- The applicant has an appraisal performed by a licensed appraiser that purportedly shows the County's valuation is too high.
- A recreational vehicle did not display current license tabs at the time of assessment.
- A Tax Court petition is pending or unresolved.
- A Confession of Judgment has been signed by the taxpayer.
- The abatement involves a reduction of a special assessment unless it is accompanied by a written recommendation for approval by the governmental unit responsible for the original special assessment.
- Penalties and interest exist on late or delinquent property taxes and this is the sole reason for the abatement application.
- The omission of a parcel when making tax payments.
- A tax payment check was lost.

Situations Where Abatements **May** Be Granted (For Current Taxes Payable Year):

- Governmental organization acquired property.
- Incorrect acreage amount or front footage documented by a land survey or licensed land surveyor's opinion.
- Building was razed or destroyed without the knowledge of the County.
- Incorrect square footage or other units of a building documented by a physical inspection performed by the County.
- Mobile home or personal property ownership was incorrect due to owner/manager not providing County with correct data or due to staff error.
- Improvements that were assessed more than once in the same assessment year.
- Leases cancelled without the knowledge of the County.
- Computer data entry error such as transposing numbers.
- Computer calculation or program error such as incorrect calculation of a valuation exclusion.
- A hardship situation that prevents tax payment or valuation/classification appeals.

Situations Where Abatements **May** Be Granted (For Two Prior Payable Years):

- Computer data entry error such as transposing numbers.
- Computer calculation or program error such as incorrect calculation of a valuation exclusion.
- Improvements that were assessed more than once in the same assessment year due to a staff error.

General Information:

Any situation not specifically addressed in this policy, shall be considered on an individual basis with all facts necessary to make an equitable decision.

Abatement applications will not be approved if the property owner is delinquent on any property taxes in Aitkin County.

Abatements must not be used to change values to something other than market value as defined in Minnesota Statute § 272.03 subdivision 8.

This policy does not pertain to abatements for economic development purposes, mold damage or disaster abatements. Those are handled under a separate process.

There are no appeals available for denied abatements. A real property owner may appeal valuation or classification by petitioning the Minnesota Tax Court on or before April 30 of the current taxes payable year.

The County Assessor must give notice to the appropriate school district and municipality if the abatement results in a tax reduction over \$10,000.

Abatement copies are kept on file in the County Auditor's Office and the County Assessor's Office and retained according to the Aitkin County Records Retention Policy.

References to MN Statutes §§ 375.192; 274.13; 274.175; 273.01; 274.01.