

MAAO Summer Seminar Commissioner's General Session

Wednesday, May 25, 2016
9:30-11:30 am, Lakeshore Room

Meeting Agenda

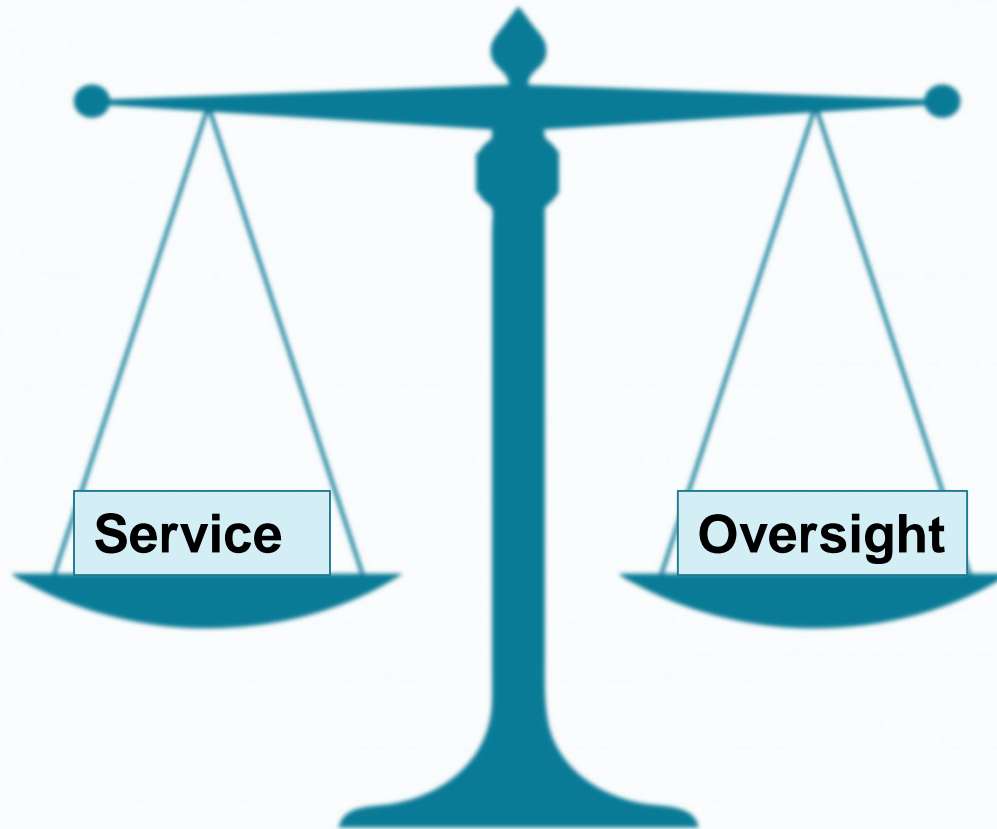
Welcome and Opening Remarks – Cynthia Rowley

Revenue's Role: Service and Oversight – Cynthia Rowley

Hot Topics in Assessment - Jon Klockziem, Jessi Glancey,
Tom Reineke

Q&A

The Department of Revenue's Role



Listening Session Themes

- ▶ Communication
- ▶ Education
- ▶ PRISM
- ▶ eCRV
- ▶ Reps
- ▶ Staffing
- ▶ Relationships



Listening Theme: Staffing

- ▶ New Faces at Revenue



Jeff Holtz **eCRV Program Administrator**

Leads the eCRV program and also provides guidance to county staff regarding assessment practices. Jeff is the chair of two new eCRV groups and makes sure the eCRV program is meeting the needs of all users as best as possible.



Gretchen Longbehn **OAS Senior**



Makes the Property Tax Division work well by taking care of purchasing, records retention, hardware and software coordination, plain language, graphic design, facilitation, customer service, and much more.



Gale Zimmermann
Property Tax Compliance
Officer 1
PTCO for North Central and
North East Minnesota.



Mark Vagts
Property Tax Compliance
Officer 1
PTCO for south central MN.



Emily Anderson
Info Ed Appraisal Supervisor

Emily provides leadership and support to the Information & Education section and SFIA. Along with the section, continue to provide guidance and education to property tax assessors and administrators statewide.



Penny Nelson
Data and Analysis Supervisor Senior

Penny provides leadership and support to the Data & Analysis Unit. >>>



Taylor Forsyth
Research Analyst

**Work on the Property Tax Data and
Analysis Team focused on Sales Ratios.**



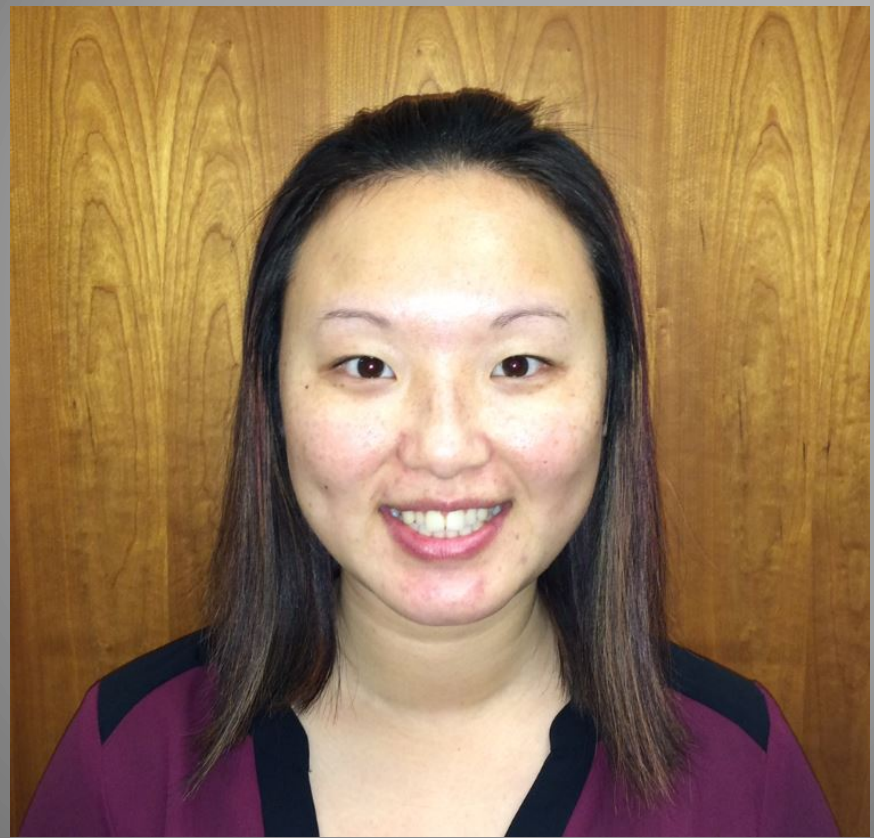
Mike Zabinski
Research Analyst Intermediate

**Mike works on PRISM and makes aid
payments.** >>



Gary Martin **SPA Intermediate**

Gary's duties include researching questions from counties concerning forfeiture issues. Gary also works with Tax Operations division and Jodi Rubbelke to issue Deeds.



Der Thao **Revenue Tax Specialist**

In the State Assessed Property Section, Der reviews property record returns and market value returns for utilities, pipelines, and railroads. Der is also working on obtaining her CMA license.





Ian Irungu
Student Worker

Ian is providing administrative support to the Board of Assessors while Bobbi is working on the new licensing system.

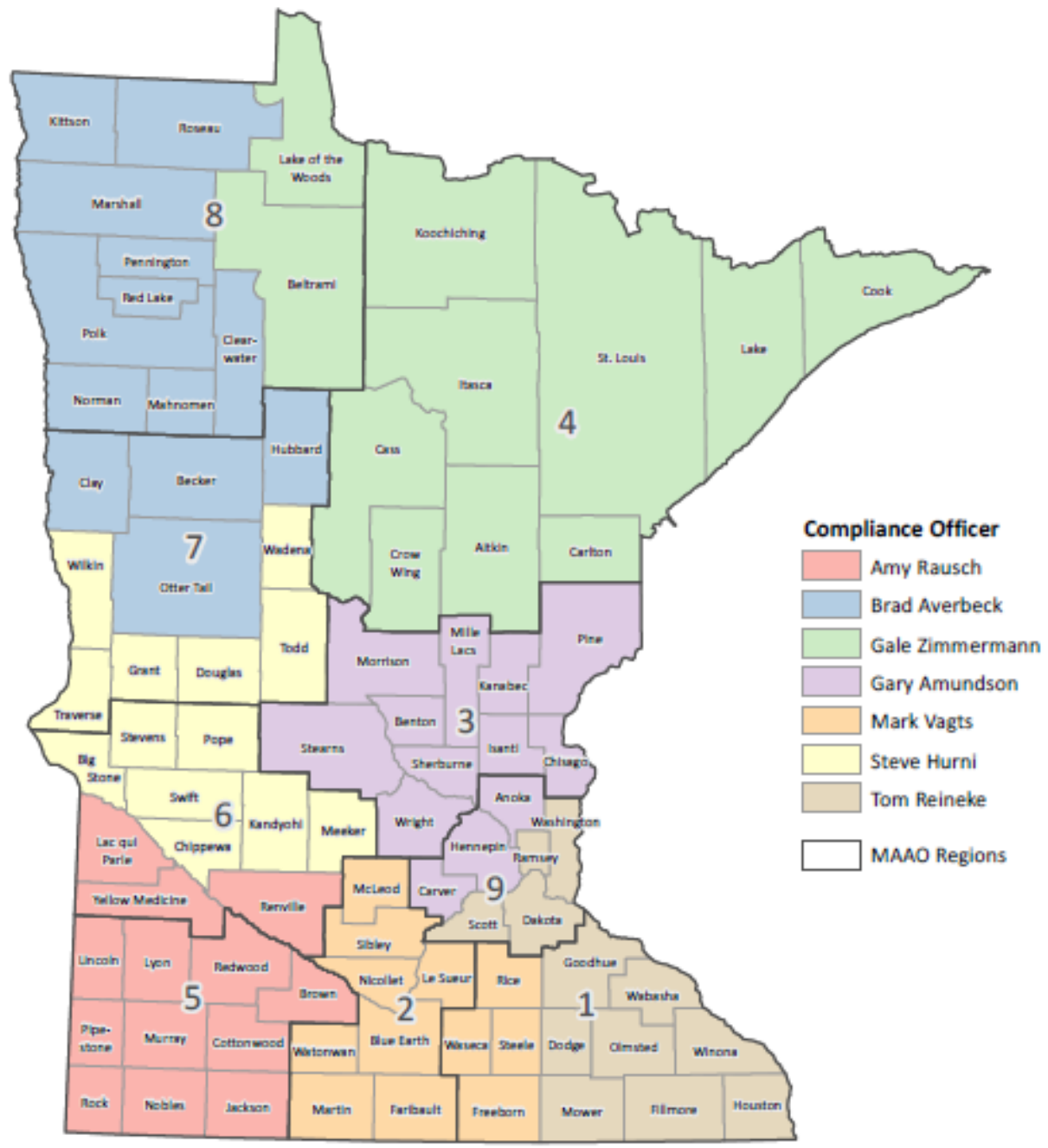


Sandy Moen
State Program Administrator

Sandy Moen administers the Senior Citizen Property Tax Deferral Program. She will join Property Tax on 7/1/16.



Listening Theme: Reps



Listening Themes: Relationships and Communication

You found these items important

- Letter Response Time
- Law Summaries
- Green Acres Valuation and Instructions
- Valuation Notice Instructions
- State Board of Equalization Orders
- Sales Ratio Trend Appeal Determinations
- PTCO Visits to Counties

Listening Themes: Communication and Education

▶ New Board of Appeals and Equalization email list

The screenshot displays the Minnesota Department of Revenue website. At the top, the header includes the state seal, the text "MINNESOTA · REVENUE", and navigation links for "CONTACT US", "SEARCH", and "eServices LOGIN FOR BUSINESSES". Below the header is a main navigation bar with links for "Home", "Individuals", "Businesses", "Tax Professionals", "Local Governments", "Law & Policy", "Research & Reports", "Newsroom", and "Report Fraud".

The main content area features a "Welcome to the Minnesota Department of Revenue" message and four columns of service categories:

- For Individuals:** e-Services Information, Make a Payment, File & Pay Income Tax, Where is my refund?, Property Tax Refund, Forms & Instructions, Members of the Military, Free Tax Preparation Sites, and a "more >" link.
- For Businesses:** e-Services Information, Make a Payment, Sales & Use Tax, Withholding Tax, All Business Taxes, Forms & Instructions, Starting a Business, Update Business Information, and a "more >" link.
- For Tax Professionals:** e-Services Information, Approved Software, Rejection Error Codes, Bulk Filing, Forms & Instructions, Fact Sheets, News for Tax Preparers, Software Vendors, and a "more >" link.
- For Local Governments:** e-Services Information, File & Pay, Tax Administration, Clients (Other Agencies), e-Services for Libraries, eCRV, Minnesota State Board of Assessors, and a "more >" link.

A red arrow points from the "more >" link in the "For Local Governments" column to a social media icon bar at the bottom right. This bar includes icons for "Tax Law Changes", "Tax Delinquencies", "Tax Preparer Sanction List", an email icon, Twitter, Facebook, YouTube, and LinkedIn.

At the bottom of the page, there is a "News Flash..." section with a "See all >" link and a footer containing various links: "Contact Us", "About Us", "Taxpayer Rights", "Other Language", "Privacy & Security", "Use of Information", "Link Policy", "Minnesota.gov", "Disaster Relief", "Fraud Alert", "Site Help", "Related Sites", "Careers", and a small red envelope icon.

Listening Theme: eCRV

User Group

Testing Group

eCRV User Group

- Purpose of the group is to inform priorities and provide a global perspective for advising the eCRV Program for its strategic direction.
- The user group meets quarterly and is represented by the following communities:
 - Assessor, auditor, treasurer, title companies, data users, PTCO, DOR Data & Analysis
- Group members represent their areas by gathering feedback, bringing it to the group for discussion, and relaying the group's work back to their colleagues

eCRV User Group Members

Jeff Holtz – chair	<i>eCRV Program Admin Revenue</i>	Jill Murray	<i>MAAO Region 8</i>
Tom Reineke	<i>PTCO Revenue</i>	Teresa Mitchell	<i>MAAO Region 9</i>
Gretchen Buechler	<i>Data & Analysis Revenue</i>	Tim Graul	<i>MAAO Region 9</i>
Joshua Schoen	<i>MAAO Region 1</i>	Andrea Noble	<i>Burnet Title</i>
Jeanne Runge	<i>MAAO Region 2</i>	Linda Gravely	<i>Johnson, Moody, Schmidt, & Kleinhuizen Law Firm</i>
Jane Grossinger	<i>MAAO Region 3</i>	Donn O'Malley	<i>Hennepin County</i>
Penny Vikre	<i>MAAO Region 4</i>	Jim Biggs	<i>Ramsey County</i>
Sherri Kitchenmaster	<i>MAAO Region 5</i>	Lana Johnson	<i>Xerox</i>
Bonnie Lay	<i>MAAO Region 6</i>	Jina McNamara	<i>MCIS</i>
Carice Golberg- Cumming	<i>MAAO Region 7</i>		

eCRV Testing Advisory Panels

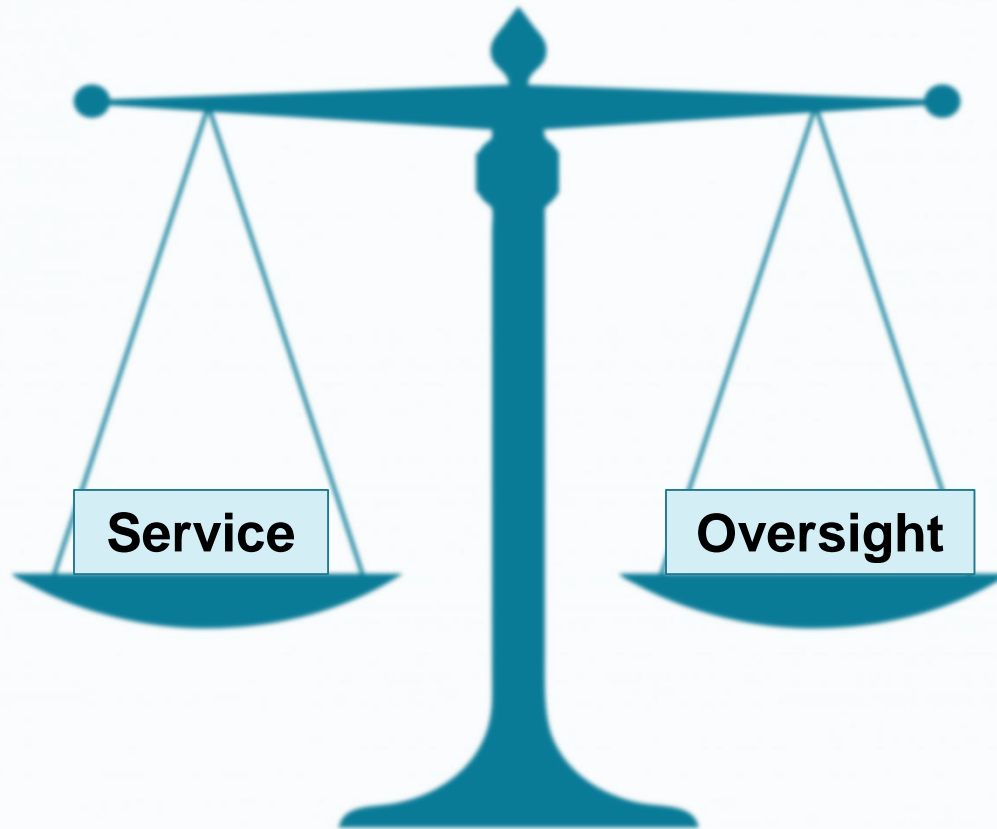
- ▶ Purpose is to enhance user involvement and communication when eCRV changes are made
- ▶ Panel members test and analyze enhancements
- ▶ Testing results are shared with colleagues, panel members, and eCRV
- ▶ All rollout changes get at least one month of test time
- ▶ Vendors, counties, title companies, data users, and DOR

Other Services: Board Of Assessors

Revenue provides technical, legal and administrative support to the Board

- New licensing system coming
- City Assessor vacancy
- Brian Koester, Benton County, new BOA Chair
 - Gary Amundson, Revenue, new BOA Vice Chair

The Department of Revenue's Role



County Assessor Terms End 12/31/16

- ▶ Revenue will send renewal packets to all current assessors
- ▶ Considering some changes to the confirmation/reconfirmation process
- ▶ You can expect to receive more information in the fall

Oversight: Fair and Equitable

Sales
verification
process

Quintile
Compliance

Project
tax/valuation
statements

County staffing
levels

**These are
things that we
need from you**

eCRV
processing time

Study period
sales

License Level

County Board of
Equalization
submissions

Listening Theme: Education

Assessor Accreditation

- No change
- Current law remains in place
- AMA by July 1, 2019

Other News

- ▶ New Laws
 - Ag containment
 - Local Board Waiver

- ▶ State Assessed Property Stats since AY08
 - 9 Companies Active with Tax Court
 - 1 Company Active with Supreme Court
 - 7 Companies Stayed
 - 4 Companies Dismissed
 - 1 Company Settled

Listening Theme: PRISM

	Submission 2	Submission 1 & 3	Submission 4
Vendor Testing	9/1/15 to 4/1/16	2/1/15 to 8/15/16	2/1/15 to 1/19/17
Beta Testing	9/1/15 to 4/1/16	4/1/16 to 8/15/16	9/1/15 to 1/19/17
County Testing	3/1/16 to 7/15/16	8/15/16 to 1/19/17	1/20/17 to 5/1/17
PRISM Live	September 1, 2016	April 1, 2017	September 1, 2017

Questions?



Legislative Updates

Jon Klockziem



How about that tax bill?

Before you get too excited, bear in mind it still needs to be signed by the governor

What didn't change?

Assessor Accreditation

- Every individual who **appraises or physically inspects real property** for the purpose of determining its valuation or classification for property tax purposes must obtain licensure as an accredited Minnesota assessor from the State Board of Assessors by July 1, 2019, or within four years of that person having become licensed as a certified Minnesota assessor, whichever is later.

License Levels 2015

Number of Assessors by Age

Age	Total	CMA	CMAS	AMA	SAMA
20-30	42	32	1	3	6
31-40	136	75	8	13	40
41-50	215	120	8	21	66
51-60	277	156	16	17	88
61-70	163	77	22	9	55
Over 70	32	24	3	4	1
Totals	865	484	58	67	256

License Levels 2016

Number of Assessors by Age

Age	Total	CMA	CMAS	AMA	SAMA
20 - 30	38	27	0	6	5
31 - 40	146	75	6	20	45
41 - 50	198	109	8	20	61
51 - 60	271	141	13	26	91
61 - 70	170	82	16	15	57
Over 70	30	22	2	3	3
Totals	853	456	45	90	262

Ag Chemical Containment

- ▶ The exemption is repealed-effective for taxes payable 2017
- ▶ For those items that are now taxable, consider the contributory value carefully
- ▶ How you communicate is important!

SFIA – Sustainable Forest Incentive Act

- Changes based on report by Office of the Legislative Auditor Report (2013)
 - More auditing needed for forest management
 - Need for DOR to know of ownership changes
- Increased DNR role-oversight of actual forest management practices
- Changing payments dependent on the length of covenant

2016 LBAE Waiver

Certified to county assessor
by February 1, 2016



Trained member was not
present at the 2016 LBAE
meeting



Board can reinstate powers in
2017



Certify trained member and pass
a resolution by Feb 1, 2017

State Board of Equalization

Reassessment Orders

- Now formally part of the State Board of Equalization powers under 270.12
- The County Assessor must complete
- Used for an assessment that is “grossly unfair or inequitable”
- Effective for 2017 assessment

Division of duties between local and county assessor

- ▶ Local assessors must enter construction and valuation data into the records in the manner prescribed by the county assessor.
- ▶ This could mean a laptop with a CAMA system
- ▶ Increases accountability and decreases duplicative work
- ▶ Effective for assessment 2017

Valuation Notices

- ▶ Valuation Notices must be mailed at least 10 days before the scheduled date for the local board of appeal and equalization
- ▶ When this does not happen, the county assessor must:
 - Mail an additional set of valuation notices to that jurisdiction
 - Schedule a revised local board of appeal and equalization at least 10 days from the mailing of the additional notice

Disabled Veteran MV Exclusion

- ▶ Exclusion for spouses now indefinite unless:
 - Spouse remarries
 - Sells
 - Transfers or otherwise disposes of the property
- ▶ Requires annual application
- ▶ Effective for taxes payable 2017

Commercial Industrial Tax Capacity

- ▶ First \$100,000 of market value excluded from the state general tax
- ▶ Applies only to parcels with first tier value
- ▶ Will have the greatest impact on outstate commercial/industrial
- ▶ State General Tax Levy reduced to account for loss in tax capacity
- ▶ Effective for taxes payable 2017

Refunds for Overpayment, Mistakenly Billed Tax

▶ Refunds

- Allows counties to apply judgement over a prescribed period of years
- Must be with the consent of the petitioner
- Effective for refunds payable in 2016 and thereafter

▶ Mistakenly Billed Tax

- Removes misclassification under 273.13 as a criteria
- Eliminates the risk of opening up previous years in Tax Court due to misclassification
- Effective for taxes payable in 2017

Late Payment

▶ Late Payment

- Penalty abated if envelope is postmarked within one business day of the due date
- Only qualify once
- Effective for taxes payable in 2017

Metropolitan Ag Preserve

Early termination

- Death of an owner, owner's spouse, or other qualifying person
- Must elect to terminate within 180 days of death
- Additional taxes in an amount equal to 50 percent of the current year's taxes
 - May be more than the market value tax in certain circumstances
- Effective July 1, 2016

Lake Mille Lacs Area Property Tax Abatement

Provides property tax relief for businesses near Lake Mille Lacs

- Class 1c, 3a (excluding utility real and personal property), 4c(1), 4c(10), 4c(11)
- Two successive years after 2010 must show a reduction in gross receipts of 5% or greater
- Limited to certain types of businesses
- State general levy refunded on all Class 1c, 3a (excluding utility real and personal property), 4c(1), 4c(10), 4c(11) property in the area
- State will reimburse for state general levy refunds and local property tax abatements

School Building Bond Ag Credit

- ▶ Provides a property tax credit on all 2a land (excluding HGA) equal to 40% of tax attributable to bonded dept levies
- ▶ Must be noted on the TNT statement
- ▶ Effective for taxes payable in 2017

Riparian Protection Aid

- ▶ Aid to counties to carry out compliance and enforcement of the riparian buffer requirements
- ▶ BWSR will certify to the commissioner which counties are eligible to receive the aid
- ▶ If a county fails to certify, the aid goes to BWSR
- ▶ Aid to a county shall not be more than \$200,000 or less than \$45,000

Estate Tax Review, Limit on Assessments

- ▶ Commissioner shall review the estate tax definition of qualified farm property and the link to property tax classification
- ▶ Report by February 1, 2017 to the legislature on alternative methods of ensuring that use of the property is consistent with estate tax laws
- ▶ No recapture assessments prior to June 1, 2017 for a change in classification if:

The property is held in a trust of which the surviving spouse is the beneficiary

The property receives partial homestead classification because a beneficiary of the trust is the owner of another ag homestead

Estate recapture tax

Estate tax recapture is not triggered on qualified farm property if:

- Less than 20% is reclassified as 2b and
- The qualified heir has not substantially altered the reclassified property
- The HGA is reclassified as 4bb and the heir has not substantially altered the property
- Effective retroactively for estates of decedents dying after June 30, 2011

1b Blind/Disabled Classification

Value of a 1b property over \$50,000

- Class is 1a or 2a
- Language is a little different
- Effective the day after enactment

Appeals of Utility or Railroad Property

- ▶ Appeal is against the commissioner and the county in which the property is located
- ▶ Service only on the commissioner
- ▶ The attorney general represents the DOR
- ▶ DOR and counties will be able to share information concerning litigation
- ▶ Effective for appeals of valuations made in assessment 2017 and thereafter

Equalization of Public Utility Structures

- ▶ Eliminates the backward looking example contained in Rules 8100.0700
- ▶ Uses the final ratio of the State Board of Equalization
- ▶ Equalization will occur after preliminary values

County Board of Equalization

Language added to mirror the local board

- Must allow the assessor to view the property
 - Otherwise no classification or valuation change that would benefit the property owner
- Effective for CBAE 2017 and after

Proof of compliance

- Feb 1

State Board of Equalization

Process and Timeline

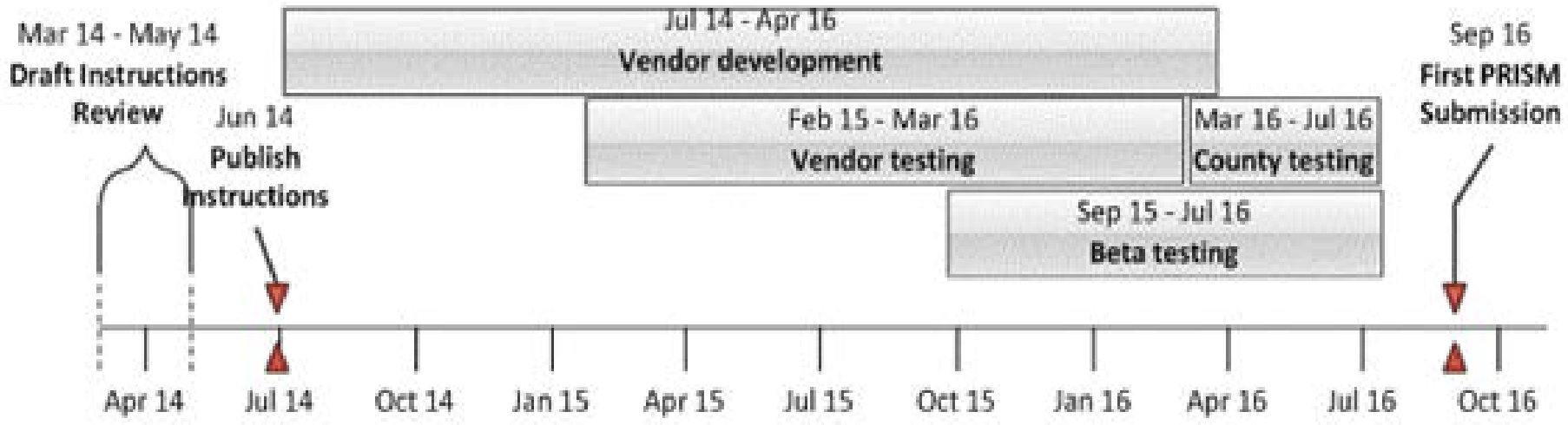
- Preliminary Orders will be finalized this week
- Preliminary Orders will be reviewed by June 5
- Appeals deadline is June 13th
- There will be no St. Paul meeting
 - Appeals do not require in-person attendance
 - Scheduled as they are requested
 - Appeals should focus on the representativeness of the sample
- Final Orders signed by the Commissioner at the end of June

State Wide Market Value Changes

2a	-2.69%
2b	+0.56%
Apartments	+3.14%
Commercial	+0.73%
Industrial	-0.34%
Non-commercial SRR	+1.07%
Res	+2.13%
Total	-0.074%



PRISM Timeline



PRISM Contacts

Newsletter on GovDelivery

www.revenue.state.mn.us

- Type 'PRISM'

Education Update

2016 – 2020 Licensing Cycle

Continuing Education Requirements

CMA/CMA's

License level **on**
7/1/2016

- 40 CEH's
- Ethics

AMA

License level **on**
7/1/2016

- 50 CEH's
- Ethics
- PACE

SAMA

License level **on**
7/1/2016

- 50 CEH's
- Ethics
- PACE

The Plan

Offerings will begin in 2017

- *6 regional sessions per year
- *2020: 1-2 additional sessions

Every licensed assessor must complete Ethics!

- *Don't put it off!
- **Ethics is included in ALP*

ETHICS

What's the same?

- *3 hours in length
- *3 CEH's
- *50 students = max
- *Participation required

What's new?

- *New format
- *Survey
- *Live/instant feedback

The Plan

PACE

THE BASICS:

Required for
AMA/SAMA (7/1/16)

30 CEH's

Two day format:

*PACE 1

*PACE 2

No Ethics

PACE 1

2018: July, August,
September

Regional Offerings

Two/three offerings a
month

6-9 total in 2018

Exam, afternoon of day
two

PACE 2

2019: July, August,
September

Regional Offerings

Two/Three offerings a
month

6-9 total in 2019

Exam, afternoon of
day two

Board of Appeal and Equalization Training

592 trained
*July 2015 –
February 2016*

June 2016
*MAT Summer
Short Courses*

4 locations
*St Cloud, Thief
River Falls,
Walker, Carlton*

July–Feb 2017
*Training will be
available.*

July 1, 2016
*Version 2
launch*

June 27, 2016
*Registration
Begins*

New Version

One Module
45 Mins
More Interactive

Oct/Nov 2016
Webinar

Sales Ratio Update

Sales Ratio Update

- ▶ 2016 Study Criteria will be available soon
- ▶ All sale information coming from eCRV
- ▶ EMVs coming both from MVP files and PRISM files
- ▶ Which sales are included in the study
- ▶ Clarification on adjusting the sale price-
 - Limitations on financing adjustments
- ▶ Reject reasons
- ▶ Changes to whether a sale is considered 2a or 2b & Additional analysis on Ag/RVL market trends
- ▶ Improvements to the five-year study

THANK YOU!