

property tax dollars go to the school district, some to the county, and some to the city. A small amount goes to fund other taxing districts such as mosquito control, metro transit, and the watershed district.

### How is my property tax determined?

- First, the assessor must determine a fair market value for the property you own. Minnesota state law requires the assessor to physically review property at least once every 4 years. Residential market values are based on the price that is paid for housing. Establishing a fair and equitable market value will make sure that you are paying your fair share of the total property tax burden, regardless of what the total tax burden is.
- Second, Minnesota state law determines how the total tax will be distributed among the various types of property in the state, such as apartment, commercial and industrial, residential, and farm property. Because there are always changes in the property tax laws, the tax burden may shift from year to year.
- Finally, the actual dollar amount that you pay in property tax is determined by the amount of money that is needed to fund local services.

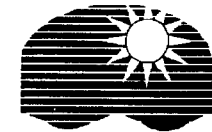
Of course, the actual calculation of your property tax is a little more complicated. Changes in the city's property tax base, special property classifications, state mandates, and other statutory

requirements, like fiscal disparities and tax increment financing will affect the actual dollar amount of property tax that you pay.

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# Answers To Your Questions About Your Property Assessment & Property Taxes

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### What does the assessor do?

- Estimate Value

State law specifically requires that assessors view each parcel of real estate to appraise its market value. Property values change continuously with changing economic conditions. In addition to economic (market) changes, numerous physical changes affect the value of land and buildings. All factors are considered in estimating the value of property. This requires physical inspection of all property subject to assessment.

- Classifies Property

The assessor also determines the classification or use of each parcel. For instance, property may be residential homestead, (owner-occupied), residential nonhomestead, agricultural, commercial/industrial, or apartment. Each classification is taxed at a different percentage of market value. These percentages are set by the legislature and may change each year.

### What is "Market Value"?

Minnesota Statute 272.03 defines "market value" as, "the usual selling price.....at the time of assessment." It is "the price that could be obtained at a private sale or an auction sale, if the assessor determines that the price from the auction sale represents an arms-length transaction. The price obtained at a forced sale shall not be considered".

In other words:

**Market value equals the price that would prevail under competitive open-market conditions.**

### How does the assessor determine market value?

State law requires that the value and classification of real estate be established as of January 2 each year. The assessor's office works throughout the year to estimate the market value of each property for the following January 2.

- Views Property

Approximately every four years, an appraiser will view the property. In addition, all new construction or new improvements will be viewed in the current year.

- Gathers Information

The appraiser gathers information on all characteristics of the property that affect market value, such as size, age, quality, basement finishing, and extra features, such as fireplaces, extra baths, walkouts, etc.

- Estimates Value

The property characteristics are entered into a computerized system. The computer aids the assessor in estimating the property value. Information from actual sales is used to update your market value. The market value estimated by the assessor should be at, or very close to,

the amount the property would sell for if placed on the open market. The State Board of Equalization requires the overall level of assessment to be between 90% and 100% of market value. Hennepin County assessors consistently meet this standard.

- Notification

A value notice is mailed in February or March to each property owner. The assessment on January 2 forms the basis for the following year's tax. For example, the value and classification on January 2 1997 is used to calculate the property tax payable in 1998.

### What should I do if I feel that my property value or classification is incorrect?

Contact your assessor. Many property owners' concerns can be explained or resolved by simply making a phone call to the assessor. If the assessor cannot adequately resolve the problem, you may appeal to the Local Board of Review, the Hennepin County Board of Equalization, or the Minnesota Tax Court. Information about these methods of appeal are outlined on the property value notice that you receive each year in February or March.

### Why do I pay property taxes?

You pay property taxes to fund local services. The money you pay for property taxes is used for services, such as police and fire, parks and recreation, social services, and education. Some of your