

## SC 2 - Investigating Alternative Methods for Property Assessment

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**Project Lead:**

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**Description:** Accurate property assessment for taxation purposes is important, both to provide tax fairness among property owners and to ensure the county and other local governments receive the property tax revenue needed to fund vital public services. Minnesota Statute 273.08 states: *“The assessor shall actually view, and determine the market value of each tract or lot of real property listed for taxation, including the value of all improvements and structures thereon, at maximum intervals of five years, and shall enter the value opposite each description.”* Until recently, the Minnesota Department of Revenue has held that the phrase “actually view” requires the assessor to *physically view* the property during an in-person visit.

The statute appears to date back to at least 1945. Since that time, social changes have resulted in fewer people being home during normal business hours when assessor visits typically occur. In addition, people are increasingly hesitant to welcome a person into their home, due to fear for safety or a lack of trust in government. At the same time, the growth in households makes it difficult for many county assessors in rapidly developing areas to keep up with the number of assessments they are expected to complete each year (roughly 20% of the existing housing stock). Meanwhile, technological advancements such as drones, aerial photography, and access to other property data potentially provide new methods for “actually viewing” a property without an in-person visit.

Recently, the International Association of Assessing Officers (IAAO) published mass appraisal standard 3.5.5, “Alternative to Periodic On-site Inspections,” which suggests best practices for implementing an alternative property assessment and review process. Although the Minnesota Department of Revenue has informally given permission to use alternative methods of visiting a property, it has been unwilling to provide written permission or guidance, making property assessors hesitant to explore or use these alternatives. Scott County would like to gather the information needed to make the case for a change to state statute to specify alternative methods that are considered acceptable.

**Key Issues, Questions, and Ideas for Exploration:**

- Survey or interview county assessors in Minnesota about their processes: How effective is the current (traditional) method in Minnesota of reviewing property information through onsite inspections? How has the effectiveness of this method changed over time? To what degree would assessors support statutory changes to allow alternative methods of property review and assessment?

*(continued)*

- Investigate case studies of jurisdictions in Minnesota or elsewhere in the United States that have implemented an alternative property review method for assessment purposes. What approaches or methods are used? How effective is the process compared to traditional onsite inspections? What, if any, resources savings are being realized in jurisdictions implementing an alternative review procedure?
- What policy changes should Minnesota county assessors pursue to ensure that use of alternative property review methods are statutorily permitted, legally defensible, and fair to property owners?

### **How Will Student Work Be Used to Build Community Resiliency?**

Minnesota taxpayers will be better served by clarifying or removing antiquated statutory requirements, and ensuring assessment processes become more efficient and accurate in light of social, economic, and technological changes. The information gathered by students will inform future decisions by the County Assessor's Office regarding current and potential alternative property assessment methods. Depending on findings and recommendations, the research may also be used to inform efforts to seek legislative changes that provide more clarity regarding what methods of gathering property information are permissible.

### **Existing Plans and Reports:**

- Scott County Quintile Review Schedule for Property Assessment
- Scott County Inspection Results History (partial)
- Minnesota Department of Revenue Compliance Reports
- Scott County Permitting History

### **Potential Stakeholders and Partners:**

- Minnesota property tax payers
- Minnesota property assessors
- Minnesota Department of Revenue
- Minnesota State Legislature
- Scott County Board of Commissioners

*To learn more about this project or discuss how to integrate it into a UMN course or an individual student project (such as a culminating experience, capstone, master's project, or independent study), please contact Sarah Tschida or Mike Greco with the Resilient Communities Project at [rcp@umn.edu](mailto:rcp@umn.edu).*