

## **Morrison County Property Sales Indicating an Increase in Value**

Morrison County residents will soon receive their Property Valuation Notices for the 2023 assessment year for taxes payable in 2024. The statements will be included in the same envelope as the 2023 Property Tax Statements and will provide some general property information with the current and previous year's market value and tax classification.

Morrison county, like much of Minnesota, is experiencing rapidly changing market values. Residential and Agricultural properties are experiencing higher than average market value increases due to property sale prices.

When it comes to determining property value, it all comes down to what similar property is selling for, also known as the market. By law, the assessor is required to value all properties at market value with fair and equitable assessments. The Assessor's job is not to raise revenue or predict sales, but to reflect what the real estate market is doing and how property is selling. A property's estimated market value can change year to year due to market conditions even if no physical changes have been made to the property. There is no limit to the amount of value a property can change; the market determines that.

The County Assessor must value a property at 100% of its market value on January 2<sup>nd</sup> of each year. The qualified sales are grouped into similar property type and studied to determine if any market changes have occurred. To do this, the ratios are arrayed from high to low and the middle or the median ratio must fall within the 90% to the 105% range. To calculate a ratio, the estimated market value is divided by the sale price. If the median ratio falls outside of the required range, an upward or downward value adjustment must be made.

Within the current sales study, on average, the sale price of residential properties is 25 – 30 % higher and Agricultural and Rural Vacant Land properties are 30 – 40 % higher than what the county currently has them valued. To fall within the Minnesota Department of Revenue's valuation requirements the county must increase the estimated market values. Not all jurisdictions in the county are selling the same. The sales are broken down into townships and cities and are increased or decreased according to the sales in their areas.

Increased property value does not necessarily mean a higher property tax bill. Entities with tax levy authority (city, township, school district, county, lake improvement districts) determine how much money they need to operate, and that amount is spread across the tax payers. Each property owner's piece of the pie involves many factors.

Property owners that receive homestead may see their Homestead Market Value Exclusion reduced. The maximum Homestead Market Value Exclusion starts at \$76,000 and reduces as the property value increases.

Due to the increased value of agricultural property, those enrolled in the Green Acre/Rural Preserve will see a benefit for the 2023 assessment, taxes payable in 2024. If your property is Agricultural Homestead and you would like to apply for the Green Acres/Rural Preserve program, please contact the Land Services Department at 320.632.0170. The deadline for application is May 1<sup>st</sup>, 2023, for the taxes payable in 2024. The Department anticipates many inquiries, and your patience is appreciated during this busy time of the year.

####