

# PROPERTY ASSESSMENT IN AN APPRECIATING MARKET



## Valuation Date

Mille Lacs County will soon be mailing the **2022** Valuation Notice which includes an estimated property value as of January 2, 2022. That value is utilized in the calculation for taxes payable in **2023**.

## State Sales Study Period

For the January 2, 2022 assessment the assessor considers sales that occurred between October of 2020 and September of 2021.

## Not All Sales Included

Not all sales are representative of the market. Some sales, such as foreclosures, sales between relatives, or sales where the seller or buyer are acting under undue duress are not considered open-market, arm's-length transactions and are not used in sales ratio studies, nor are they used as comparable sales in estimating the value of similar properties.

## Appreciating Market

Over this past year the real estate market in Mille Lacs County and most of greater Minnesota has seen significant gains, greater than experienced in recent history.

Sales occurring prior to the assessment date must be analysed with consideration given to appreciation that may have occurred between the sale date and the assessment date.

## Mass Appraisal Isn't Based on an Individual Sale

It's also true that people purchase property based, at least in part, on their own preferences. This results in perceived "good" and "bad" deals occurring every day. Mass appraisal techniques seek to value all properties based on the sale transactions of many similar properties.

The assessed value is not based on an individual sale, but rather a consideration of many sales, resulting in an indicated value, or "most likely" price.

**"Wait a second, I paid \$300,000 for my home and now you're saying it's worth \$360,000. How is that possible?"**

The assessment date is January 2 of each year. If the market appreciated, say 20% in your area:

A purchase price of **\$300,000** in January of 2021 would indicate a value closer to **\$360,000** as of January of 2022.

A purchase price of **\$330,000** in July of 2021 would also indicate a value closer to **\$360,000** as of January of 2022.

**\*SEE REVERSE FOR ILLUSTRATION\***

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## “What does this mean for my property taxes next year?”

The County Assessor’s job is to value and classify property so that each taxpayer pays their “fair share” of property taxes. This is what the Auditor-Treasurer uses to determine what percentage of the total property tax levy is paid by each property, in each taxing jurisdiction. The total property tax levy is set by a board of elected officials (County Board, School Board, City Council, etc.) for each taxing jurisdiction.

If your property’s value increased more than the average increase for all properties you may see your property taxes **increase**; if your property’s value increased, but less than average, you may see your property taxes **decrease**. This applies to each individual taxing jurisdiction your property is located in.

## Consider a Market Where Property Values Appreciated 20% over the Past Year

