LOCAL BOARD OF APPEAL & EQUALIZATION
CITY OF OWATONNA

Council President Schultz called the meeting of the Local Board of Appeal and Equalization (LBAE) to order at 6:00 p.m. on Tuesday, April 16, 2024, in the Chambers at the Charles S. Crandall Center at City Hall. Present were Council Members Boeke, Burbank, Svenby, Voss, Raney and Schultz; Mayor Kuntz; Thomas Reineke, Steele County Assessor; Brian Anderson, Steele County Assistant Assessor; City Administrator Busse and Administrative Coordinator Clawson.

Council Member Boeke made a motion to approve the agenda, Council Member Voss seconded the motion, all members voted aye in approval. City Administrator Busse explained State Statute requires at least one voting member of the Council be certified with the Department of Revenue for completing LBAE training within the last four years. Current certifications are held by Council Members Voss and Boeke.

County Assessor Reineke commented that many communities have eliminated their Local Board of Appeal and Equalization and are using the Open Book process for property valuation adjustments. This year, Steele County will hold three open book sessions, Blooming Prairie, Medford and at the County Administration Building. Steele county property owners with property not under a Local Board can attend one of these sessions with questions on their property valuation. County Assessor's Staff meet with inquiring property owners to review their proposed valuation increase. If they do not come to an agreement, the property owner then files an appeal with the County Board of Appeal and Equalization.

Council Member Boeke asked if the Open Book process eliminates the City's participation. Reineke commented that the City Council would no longer host a Local Board of Appeal and Equalization Meeting. This year, their office received appeals from 30 property owners within Steele County of which six were property owners within Owatonna. Property owners receive their property's valuation amount from the County Assessor's Office and will contact their office for explanation and file request for an adjustment. As property valuations are now viewable on the county's website, the number of calls they receive has been reduced. The city will continue to receive a list of the properties whose owners requested review of their property's valuation and detail if adjustments were made.

The Steele County Assessor's Department analyzes real estate sales during a 12-month period to modify the mass appraisal system to the current market as well as to improve equalization amount properties. Sales from October 1, 2022 – September 30, 2023, were used to complete this report and analyzed for market trends and assessment to sale ratio. Reineke explained the purpose of the LBAE is to provide a fair and objective forum for property owners to appeal their valuation and/or classification. The goal of the LBAE is to address property owner's issues fairly and objectively. The Assessor's Office is guided by state law and bound by Statue, they must complete a quintile review, a physical inspection of the property, once every 5 years. Owatonna has been broken into five sections and the annual schedule for section review is detailed on a Quintile Plan; copy of the city's Quintile Plan will be mailed with the proposed property tax statements each year.

The objective of the assessor is to be both accurate and uniform. There are three reasons that valuations change each year:

1. Market Adjustments: Occur due to the ever-changing market conditions of the real estate market. Different types of real estate change at different rates. The 2024 adjustment rate was 6.63%, last year it was 8.31%.

2. Equalization. Even in a stable market, property values will change due to equalization. If a property value based on analysis of sales is thought to be under or over assessed, either in relation to other properties or to a range of acceptable guidelines, the valuation may increase or decrease.
3. New improvements.

The Commissioner of Revenue requires all property types be assessed between 90-105% of selling price. Any assessment by aggregate property type that is outside of this range will be adjusted accordingly by the State Board of Appeal and Equalization. Percentage of Property Types within the City for 2024 Estimated Market Values are:

Residential	71.891%
Commercial & Industrial	19.66%
Apartments	7.03%
Agriculture Land	1.42%

Minnesota Statue 273.1251 states all property must be valued at its market value. To facilitate this the Department of Revenue mandates the median ratio in each jurisdiction, with an adequate number of sales between 90% - 105%. This ratio is determined by taking the assessed value by the sale price. The City's ratio at the beginning of the evaluation cycle was 74.55%; 421 sales were used in the Sales Ration Study to adjust this property ratio to 91.07%.

Net Tax Capacity, the effective measurement of the tax base, increased $4.65 million or 17.7%. This reflects the changes in the market valuations plus the addition of new construction which leads to the expanding tax base. Owatonna's Net Tax Capacity has been on a steady incline over the last five years creating a ripple benefit for everyone.

The total Estimated Market Values without New Construction expanded 8.2% to $3.1417 billion. Valuations of all property types increased during 2024 (these ratios do not include new construction values):

Total Agriculture / Rural	9.73%
Total Residental	5.6%
Apartments	9.22%
Commercial/Industrial	8.2%
Industrial	10.24%

Estimated Market Value of New Construction was $31,865,514.

Miscellaneous 2024 Data:

Residential Home Sales:	391 transactions, 158 less transactions than last year
Median Sale Price	$260,000; $23,700 increase over last year
Residential Vacant Lot Sales:	10 sales; 13 less than last year
Median Sale Price	$37,750; $4,500 decrease over last year

Residential Estimated Market Value	
Median Value	$248,600; $313.950 increase over last year
Median Value per square foot	$172; $28 increase over last year
Number of new homes built	22; same number as last year

Assessor Reineke explained property owners have opportunity to appeal their proposed property valuations. Their appeal is first presented to the Local Board of Appeal. After tonight's meeting, if the property owner is still not satisfied with their proposed 2025 valuation, the next step is to make an appointment to attend the Steele County Board of Appeal and Equalization Meeting. This meeting will be held on June 18, 2024, at 7:00 p.m. in the County's Administration Center. Valuation protests were received on these parcels within the City of Owatonna with the proposed recommendations from the Assessor's office shown:

PARCEL ID	DEEDHOLDER	ADDRESS	PROPERTY TYPE	VALUE	ADJUSTED VALUE	CHANGE	REASON
17-009-1411	STPJS LLC	415North St W	Comm Land/Bld	$265,000	$229,600	-35,400	Value High - building
17-118-0108	Spitzack, Jesse P	419 Academy St E	Residential/ Non-Homestead	$190,400	$190,400	0	No Change
17-148-0204	Hein, Daniel & Raichle, Kevin	337 Selby Ave	Residential - Single Dwell	$205,400	$205,400	0	No Change
17-187-0110	Raichle, Jeanette	212 Oakdale St	Residential - Single Dwell	$218,900	$218,900	0	No Change
17-574-0901	Wottreng Properties LLC	135 28th St NE	Comm Land/Bld	$801,300	$801,300	0	No Change
17-582-0405	Woods, Samel & Ardis	2475 Fox Hollow Lane	Residential - Single Dwell	$324,400	$324,400	0	No Change

Assessor Reineke commented that the average valuation adjustment in Steele County was an 8.3% increase. Council Member Dotson made a motion to accept the 2024 Property Owner Appeal List presented by the Steele County Assessor's office, Council Member Svenby seconded the motion, all members voted aye for approval.

At 6:18 p.m., a motion was made by Council Member Boeke, seconded by Council Member Dotson to adjourn.

Dated April 26, 2024

Respectfully submitted,

Jeanette Clawson, Administrative Coordinator