CITY OF OWATONNA

CITY COUNCIL MEETING

Tuesday, April 16, 2024 at 6:00 PM
LOCAL BOARD OF APPEAL AND EQUALIZATION
Chambers, Charles S. Crandall Center
540 West Hills Circle
Roll Call: Council Members Raney, Svenby, Voss, Dotson, Burbank, Boeke & Schultz

1. **INTRODUCTORY ACTIONS:** Call to Order; Roll Call and Pledge of Allegiance
   1.1. Approve Agenda
   1.2. Roll Call
   1.3. Confirm LBAE Member Certifications
2. **2024 Assessment Report - Steele County Assessor's Office**
   2.1. City of Owatonna 2024 Report
   2.2. List of Appeals - City of Owatonna
3. **PUBLIC COMMENTS:**
4. **ADJOURN**

DEPARTMENT OF REVENUE

Local Board of Appeal and Equalization Training Attendance List

Updated 2/2/2024

Sorted by county. Use the search function within the filter to narrow your search results

DEPARTMENT OF REVENUE

Local Board of Appeal and Equalization Training Attendance List

Updated 2/2/2024

Sorted by county. Use the search function within the filter to narrow your search results

Last Name	First Name	Title/Position	City or Township	County	Date Attended	Training Expires
Boeke	Dan	Council Member	City of Owatonna	Steele	Online	7/1/2025
Voss	Douglas	Council Member	Owatonna	Steele	Online	7/1/2025

2024

City of Owatonna

Assessment Report

Steele County Assessor's Department

Local Board of Appeal and Equalization

April 16, 2024, 6:00 p.m.

Thomas Reineke, SAMA
Steele County Assessor

Brian Anderson, SAMA,
Appraiser III

2024 Local Board of Appeal and Equalization
City of Owatonna
2024 Steele County Assessor's Assessment Report

Overview

The purpose of the Local Board of Appeal and Equalization is to provide a fair and objective forum for property owners to appeal their valuation and/or classification. During, property owners' appeals will be dealt with fairly and objectively. The Assessor will review new information that is provided and will have the option to adjust value/classification as merited. This process cannot be used to appeal your current years property tax due.

State law requires the Assessor to value all the property at market value[1] every year. "All real property subject to taxation shall be listed and assessed every year with reference to its value on January 2." Property owners receive a *Notice of Valuation* every year in late March/early April.

Minnesota Statute 273.121 states, "All real property shall be valued at its market value. Market value is defined as, "The most probable price which a property will bring in a competitive and open market where the buyer and seller are each acting prudently and are under no duress. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis for taxation, nor shall adopt as criterion of value the price for which property would sell at auction or forced sale, or in the aggregate with all the property in the town or district but shall value each article or description of property to be fairly worth in money".

One of the primary goals of the Assessor is to be both accurate and uniform. Therefore, the assessment is updated in a uniform objective manner each year. For the January 2, 2024, assessment we review sales from October 1, 2022, through September 30, 2023, to determine the accuracy of the previous assessment versus current market trends. The state mandates our median value is between 90% to 105% for sales on the open market or "Arm's Length Transactions". To calculate the sales ratio you would take the assessor's value divided by the sale price.

There are three reasons that valuations change each year.

1. Market adjustments due to the ever-changing market conditions of the real estate market. Different types of real estate changes at different rates.
2. 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. The third reason for change is new improvements.

[1] Market value is defined as, "The most probable price which a property will bring in a competitive and open market where the buyer and seller are each acting prudently and are under no duress.

The Assessor's office is guided by state law and bound by Statute. For Instance, we must complete quintile review once every 5 years. Quintile is where we physically inspect the parcel. Due to Owatonna's size, it is broken down into sections. Each section is inspected once every five years. The breakdown of neighborhoods by year of inspection can be reviewed on the last page of this document.

After tonight's meeting if the property owner is still not satisfied with the 2024 assessment, the next step in the appeals process is to make an appointment to attend the:

Steele County Board of Appeal and Equalization convenes on June 18, 2024, at 7:00 p.m. at the Administrative Center in Owatonna.

Packet outline

Adjustment for Market (Time) Trends

Minnesota Department of Revenue, Property Tax Data & Analysis Unit determines if there are any market condition trends occuring in each county. A simple linear regression of sales ratios is run over a 21-month study period to calculate market condition trends. If a trend has significance, the sale prices are adjusted for market conditions (time). For the 2024 assessment this study resulted in the following annual market trends for residential property in Steele County:

MARKET ADJUSTMENTS						
RESIDENTIAL PROPERTIES	**2024**	2023	2022	2021	2020	2019
STEELE TWPS	6.63%	9.13%	15.50%	11.42%	8.01%	6.59%
OWATONNA CITY	6.63%	8.31%	17.07%	6.31%	4.84%	6.66%
ELLENDALE CITY	6.63%	9.64%	20.67%	9.22%	4.64%	13.00%
BLOOMING PRAIRIE CITY	6.63%	9.64%	20.67%	9.22%	4.64%	13.00%
MEDFORD CITY	6.63%	10.81%	14.58%	6.31%	6.89%	6.59%

Based upon previous 21 months of sales leading up to the assessment.

Determined by the Minnesota Department of Revenue when statistically significant.

Adjusted Sales Ratio By Jurisdiction

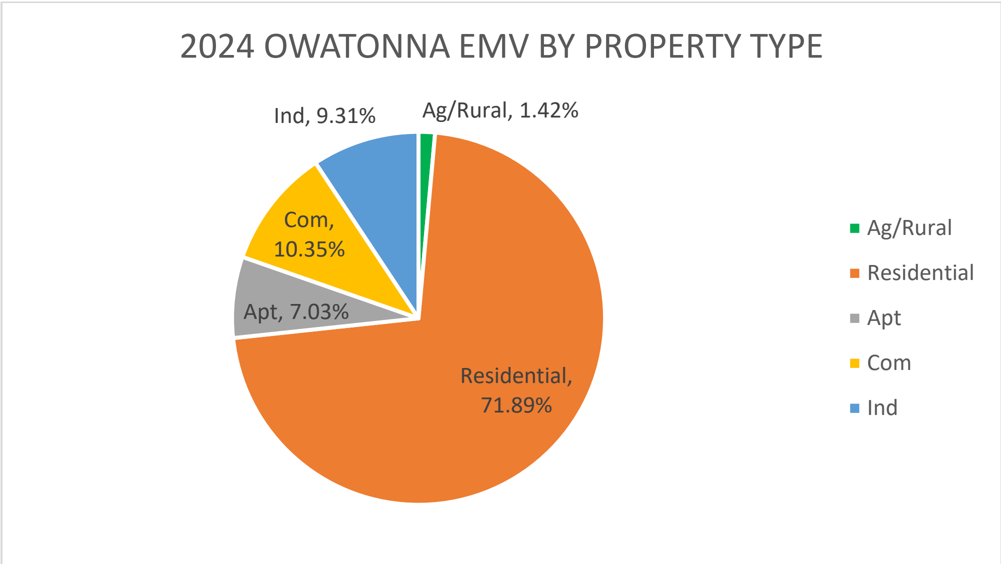
Minnesota Statute 273.121 states all property must be valued at its market value. To facilitate this, the Department of Revenue mandates the median ratio in each jurisdiction with an adequate amount of sales be between 90% & 105%. This ratio is determined by taking the assessed value divided by the sale price. The chart below displays each jurisdictions ratios before and after values were adjusted for the 2024 Assessment year.

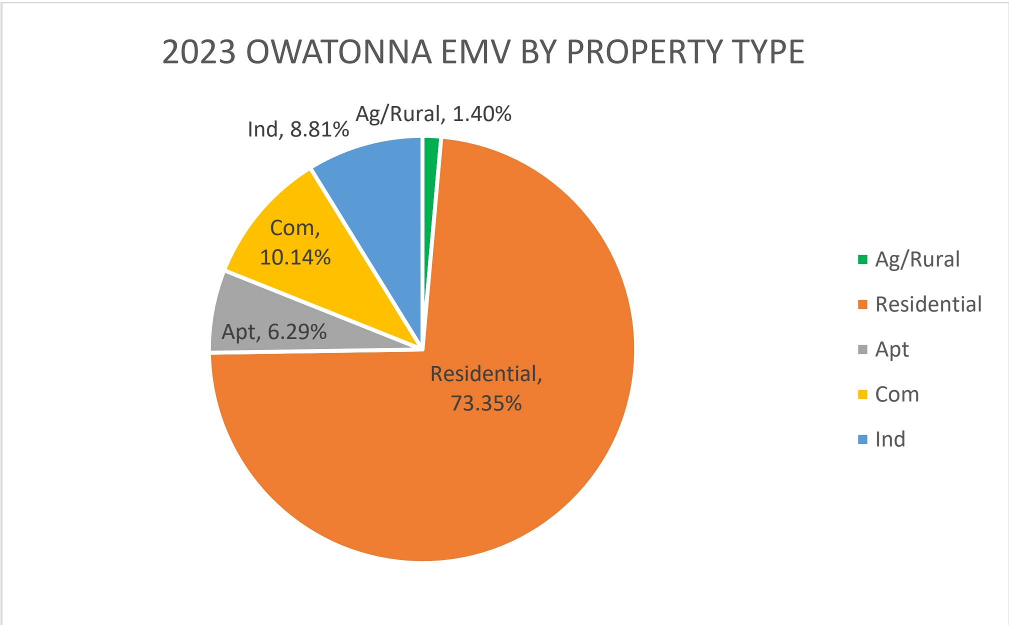
MINNESOTA DEPARTMENT OF REVENUE SALES RATIO STUDY

	2022			*2023*			*2024*		
RESIDENTIAL STATE STUDY	BEG	SALES	FINAL	BEG	SALES	FINAL	**BEG**	**SALES**	**FINAL**
01-BLOOMING PRAIRIE TWP	89.35%	1	98.56%	81.47%	3	90.33%	83.44%	2	92.88%
02-SUMMIT	-	-	-	-	-	-	82.76%	2	88.56%
03-BERLIN	79.98%	5	93.40%	76.63%	4	91.14%	91.60%	3	96.42%
04-AURORA	72.60%	6	91.53%	91.70%	2	92.76%	68.89%	2	80.49%
05-SOMERSET	77.66%	2	97.17%	98.14%	9	94.32%	88.38%	4	94.29%
06-LEMOND	81.60%	4	92.79%	90.41%	5	95.97%	-	-	-
07-HAVANA	81.15%	4	91.15%	68.20%	3	92.42%	94.47%	3	97.76%
08-OWATONNA TWP	74.18%	3	88.92%	67.28%	4	90.10%	82.07%	1	92.32%
09-MERIDEN	83.32%	3	93.98%	99.00%	4	92.49%	71.00%	2	78.77%
10-MERTON	86.79%	2	99.57%	71.21%	4	87.88%	-	-	-
11-MEDFORD TWP	77.18%	2	92.27%	89.12%	1	92.22%	71.39%	1	85.86%
12-CLINTON FALLS	75.96%	4	91.49%	89.99%	5	95.40%	80.85%	3	87.94%
13-DEERFIELD	76.56%	5	90.46%	86.54%	2	92.35%	87.39%	2	95.45%
14-BLOOMING PRAIRIE	73.81%	26	92.60%	77.31%	27	92.63%	90.24%	27	94.19%
15-ELLENDALE	73.57%	16	91.75%	91.96%	16	93.39%	87.79%	7	93.14%
16-MEDFORD	78.50%	27	92.93%	80.84%	24	91.60%	84.94%	7	93.30%
17-OWATONNA CITY	74.55%	421	91.07%	86.92%	392	92.33%	87.30%	289	93.60%
# OF GOOD RESIDENTIAL SALES	74.64%	531	91.24%	86.08%	505	92.32%	**87.22%**	**355**	**93.58%**
% CHANGE		10.17%			-4.90%			-29.70%	

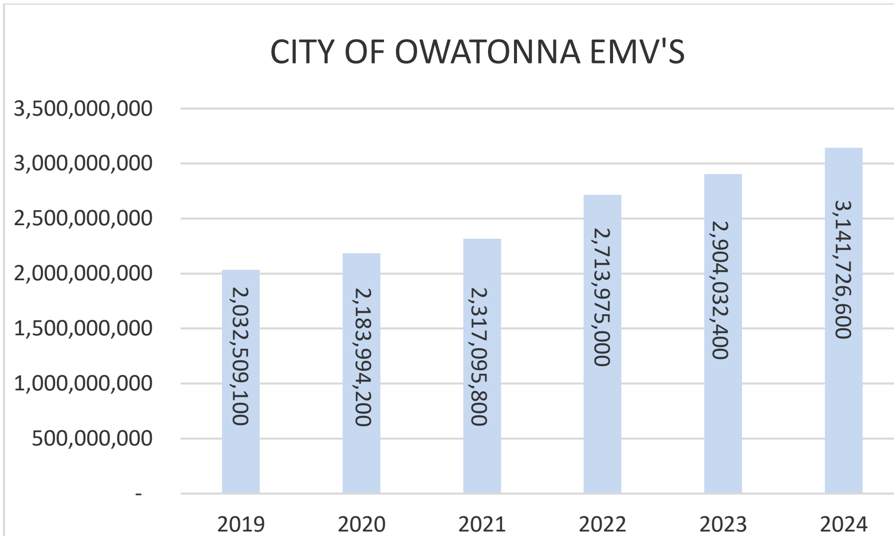
Owatonna 2024 Assessment Statistics

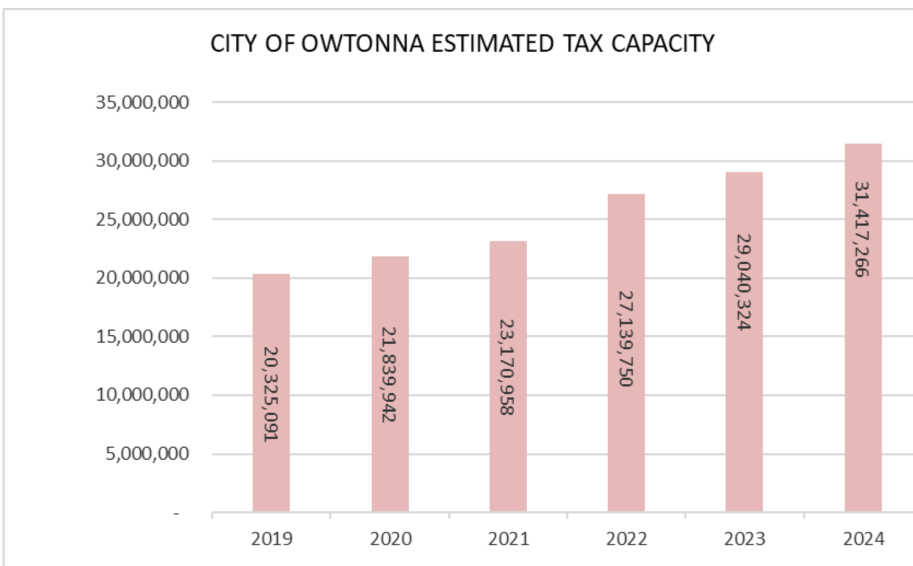
While assessor's do not determine the amount of tax property owners pay, we do determine how the tax liability is distributed amongst properties based upon the market value. The market dynamics of each property class causes shifting of the tax liability between these classes. Because of the classification rates, commercial, industrial and utility properties take the brunt of the annual tax liability when looking only at market value. These pie charts illustrate the shifting that occurs in EMV due to slight market changes. The tax base in both 2023 and 2024 shows the residential sector amounts for the majority of the value.





OWATONNA FIVE YEAR ASSESSMENT HISTORY					
ASSMT YR	EMV		% CHG	Estimated NTC	% CHG
2024	$	3,141,726,600	8.2%	$31,417,266	8.2%
2023	$	2,904,032,400	7.0%	$29,040,324	7.0%
2022	$	2,713,975,000	17.1%	$27,139,750	17.1%
2021	$	2,317,095,800	6.1%	$23,170,958	6.1%
2020	$	2,183,994,200	7.5%	$21,839,942	7.5%
2019	$	2,032,509,100	5.6%	$20,325,091	5.6%





The Net Tax Capacity (NTC) is the effective measurement of the tax base. The NTC is the product of applying the statutory class rates to the Estimated Market Values of each property. The NTC reflects the changes in the market valuations plus the addition of new construction which leads to the expanding or contracting tax base. The NTC has been on a steady increase over the last five-years.

OWATONNA

TOTAL - ESTIMATE MARKET VALUE SUMMARY							
		2024		2023	PERCENTAGE CHANGE		2022
EMV	$	3,141,726,600	$	2,902,566,400		$	2,714,740,300
NC	$	49,149,850				$	-
EMV (WITHOUT NC)	$	3,092,576,750	$	2,902,566,400	6.5%	$	2,714,740,300

RESIDENTIAL ESTIMATED MARKET VALUE SUMMARY							
ASSESSMENT YEAR =		2023		2023	PERCENTAGE CHANGE		2022
EMV	$	2,258,443,700		2,129,066,100			2,006,265,200
NC	$	9,863,950					
EMV (WITHOUT NC)	$	2,248,579,750	$	2,129,066,100	5.6%	$	2,006,265,200
MEDIAN VALUE	$	248,600	$	234,650		$	221,650
MEDIAN VALUE PER SQ FT	$	181	$	181		$	172
MEDIAN YEAR BUILT		1975		1974			1974
MEDIAN SQ FT (TLA - TOTAL LIVING AREA ABOVE GRADE)		1,322		1,320			1,321
NEW HOMES		22		22			26
SINGLE FAMILY		14		7			12
TOWNHOMES		0		0			2
PATIO HOMES		8		15			12

COMMERCIAL - ESTIMATED MARKET VALUE SUMMARY							
		2024		2023	PERCENTAGE CHANGE		2022
EMV	$	325,061,400	$	294,234,800		$	273,254,900
NC	$	6,596,150	$	-		$	-
EMV (WITHOUT NC)	$	318,465,250	$	294,234,800	8.2%	$	273,254,900

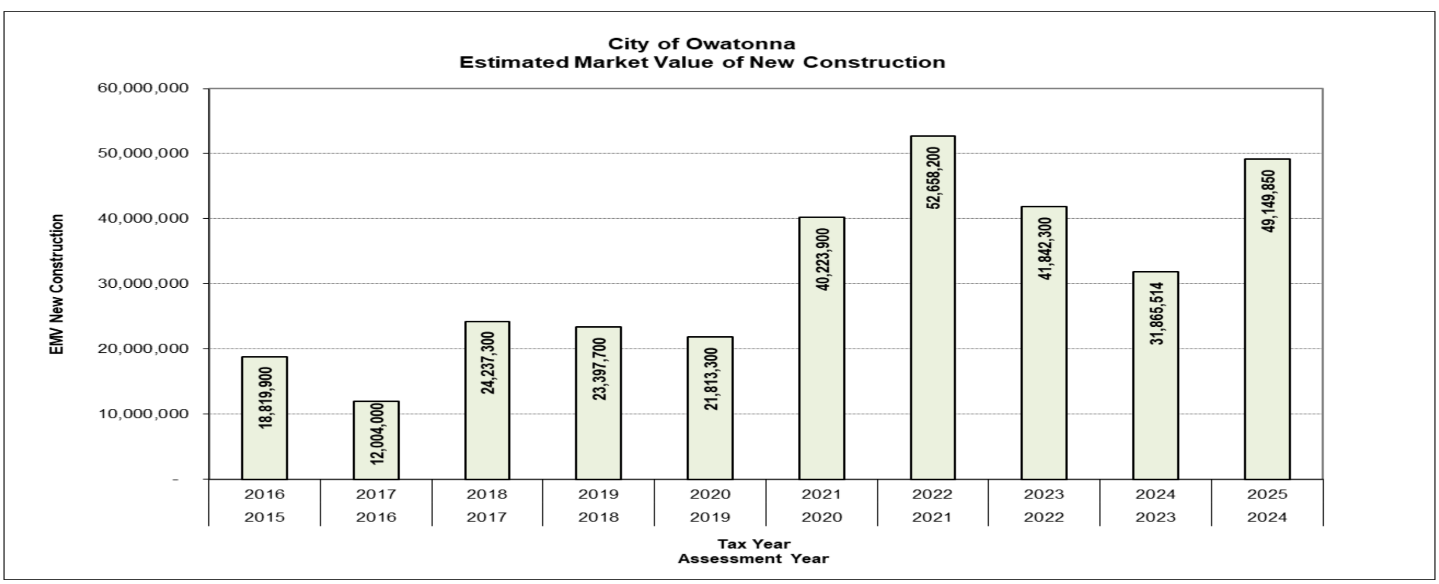
INDUSTRIAL - ESTIMATED MARKET VALUE SUMMARY							
		2024		2023	PERCENTAGE CHANGE		2022
EMV	$	292,514,400	$	255,854,200		$	238,351,800
NC	$	10,455,000	$	-			
EMV (WITHOUT NC)	$	282,059,400	$	255,854,200	10.24%	$	238,351,800

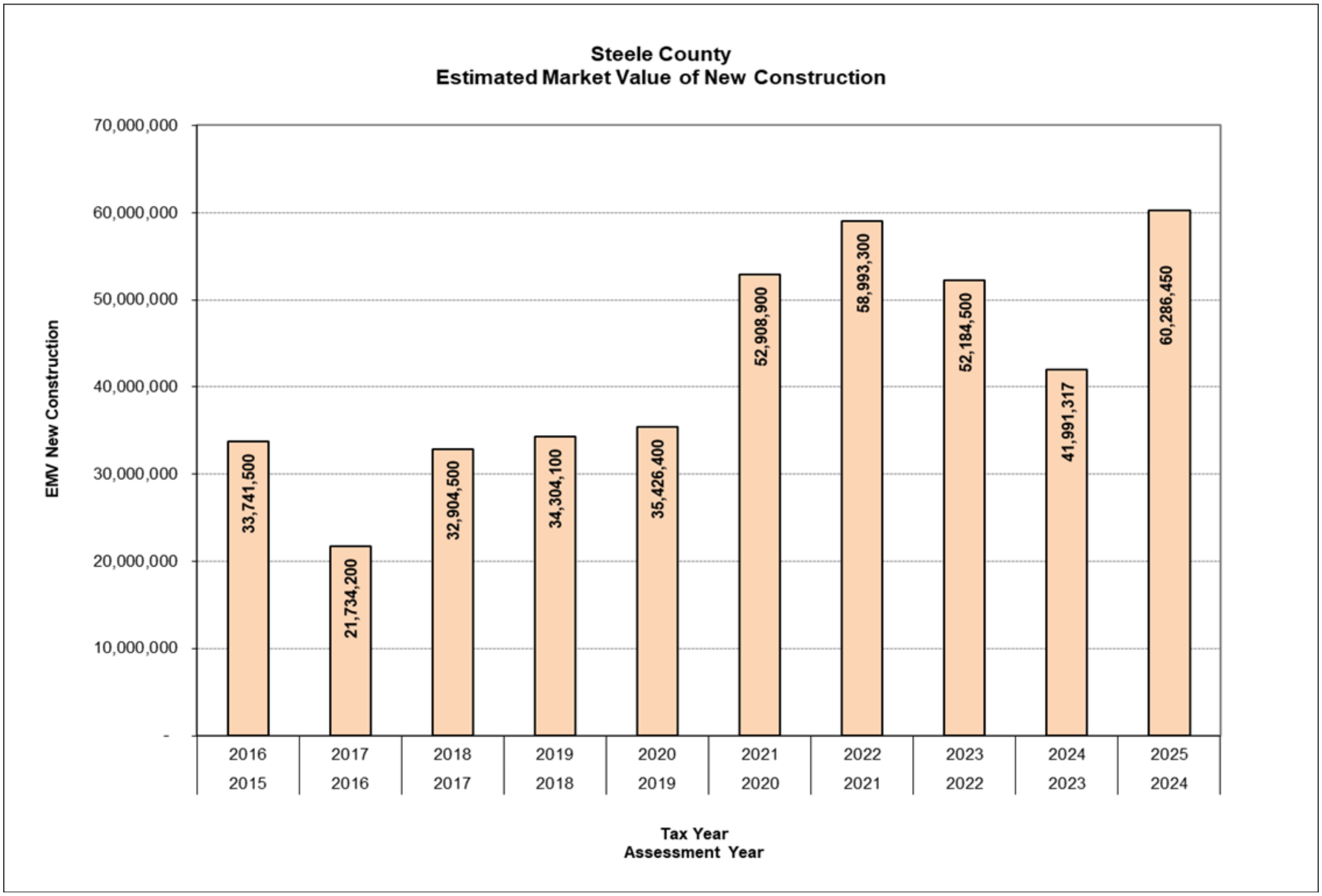
APARTMENTS - ESTIMATED MARKET VALUE SUMMARY							
		2024		2023	PERCENTAGE CHANGE		2022
EMV	$	212,959,200	$	174,619,600		$	152,268,500
NC	$	22,234,750	$	-		$	-
EMV (WITHOUT NC)	$	190,724,450	$	174,619,600	9.22%	$	152,268,500

AG/RURAL - ESTIMATED MARKET VALUE SUMMARY							
		2024		2023	PERCENTAGE CHANGE		2022
EMV	$	44,705,000	$	40,741,600		$	39,740,300
NC	$	-	$	-		$	-
EMV (WITHOUT NC)	$	44,705,000	$	40,741,600	9.73%	$	39,740,300

ASSESSMENT YEAR	Good Sales	# Sales	% OF TOTAL	MEDIAN RATIO	ANNUAL TIME ADJ	LOCAL EFFORT	ADJ MEDIAN RATIO	COD	MEDIAN SALE PRICE	$/SQ FT
2019	379	562	67.4%	85.91%	6.66%	6.4%	91.99%	6.16	$170,000	$ 135
2020	361	525	68.8%	87.88%	4.84%	5.1%	93.00%	4.94	$180,000	$ 142
2021	384	569	67.5%	87.47%	6.31%	5.1%	93.58%	5.03	$187,000	$ 149
2022	421	630	66.8%	74.51%	17.07%	16.0%	91.03%	6.37	$215,000	$ 167
2023	392	549	71.4%	86.92%	8.31%	5.5%	92.33%	6.02	$236,300	$ 175
2024	**289**	**391**	**73.9%**	**87.30%**	**6.62%**	**6.5%**	**93.60%**	**6.85**	**$260,000**	**$ 201**
2025	96	148	64.9%	95.4%						

RESIDENTIAL VACANT LOT SALES				
ASSESSMENT YEAR	# OF GOOD SALES	TOTAL # OF SALES	MEDIAN RATIO	MEDIAN SALE PRICE
2018	21	30	99.28%	$30,000
2019	19	36	78.59%	$37,000
2020	18	24	97.33%	$31,900
2021	21	30	90.40%	$33,000
2022	26	39	84.90%	$35,600
2023	24	29	95.40%	$42,250
2024	9	10	90.00%	$37,750
2025	1	2	50.00%	$37,000
TOTAL PLATTED PARCELS				307
SALE SAMPLE SIZE				3.3%

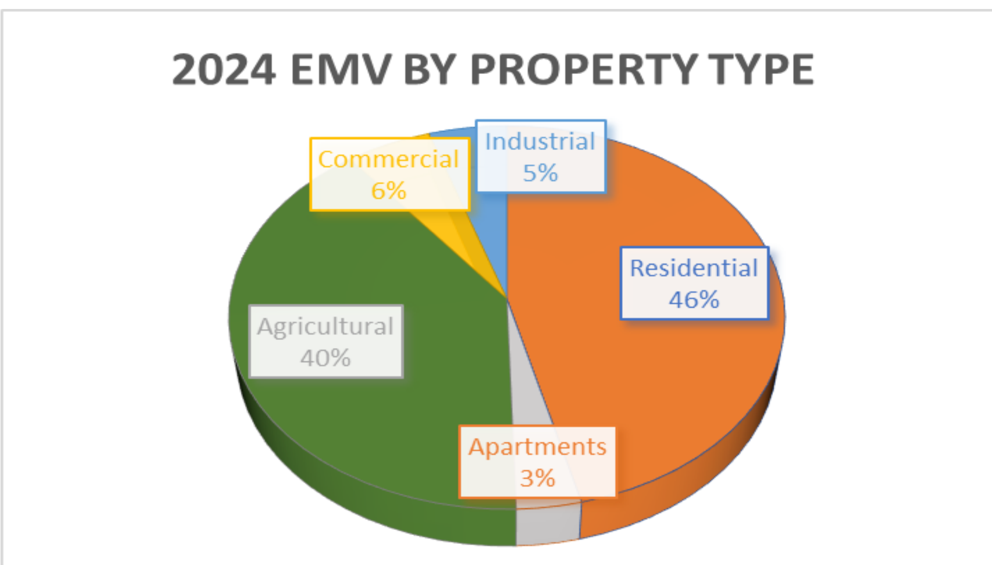




Residential New Starts by Jurisdion

Year Built	Aurora Twp	Berlin Twp	Blooming Prairie	Blooming Prairie Twp	Clinton Falls Twp	Deerfield Twp	Ellen-dale	Exempt Property	Havana Twp	Lemond Twp	Medford	Medford Twp	Meriden Twp	Merton Twp	O'tonna	Owatonna Twp	Somerset Twp	Summit Twp	Grand Total
2011		2				1	1	1			2				13			1	21
2012	2	1		1		2	1			1	1		1		11	1	3	1	26
2013			3			1				1	1		1		24				31
2014	3	2	6	2	1	1			1	1	3	1	2	1	23		1	1	49
2015		4		1		1	1			1	3			1	15	3	2	2	34
2016	2	2	1		1	1	1			1	3		3		35	1	3	1	55
2017		6	2	1			1		1	1	1		1	1	36	2		1	54
2018		1	4			1	1		1		1	1	2		45	1		1	59
2019		4		1	2		1			2	3			2	35		1		51
2020		1	1	1	1	1	3				2		1		36		2	1	50
2021	2	1	3		1	1	2		2	2					37	1			52
2022	3		3	1			2			1			2		22		2		36
2023			1	1		1	1				1		1	1	23				30
Grand Total	**12**	**24**	**24**	**9**	**6**	**11**	**15**	**1**	**5**	**11**	**21**	**2**	**14**	**6**	**355**	**9**	**14**	**9**	**548**

STEELE COUNTY 2024 ASSESSMENT TOTALS				
	GRAND TOTALS		3/15/2024	
Totals	Spring 2024	Fall 2023	%INC/DEC	W/O NC
Land	$ 3,427,674,300	$ 3,154,652,900	8.7%	
Building	$ 3,614,060,100	$ 3,350,157,200	7.9%	
Total EMV	$ 7,041,734,400	$ 6,504,810,100	8.3%	7.3%
Total # 2a Acres	232,431	232,305	0.05%	
Total # 2b Acres	12,721	12,566	1.23%	
Agricultural/Rural	$ 2,809,997,000	$ 2,580,765,900	8.88%	8.8%
Residential	$ 3,233,323,700	$ 3,043,671,000	6%	5.7%
Apartments	$ 229,104,700	$ 188,293,700	21.7%	9.1%
Manufactured Home Pk	$ 12,255,700	$ 12,216,800	0.3%	0.0%
Commercial	$ 381,718,400	$ 345,320,200	10.5%	9.7%
Industrial	$ 351,260,500	$ 309,668,600	13.4%	7.5%
Total New Improvements	$ 60,286,450	$ 41,409,317	45.6%	
Agricultural	$ 1,953,050	$ 2,559,900		
Residential	$ 16,506,700	$ 19,788,477		
Apartments	$ 23,733,550	$ 4,227,200		
Commercial/Industrial	$ 18,054,150	$ 14,716,100		



City Comparison in Steele County

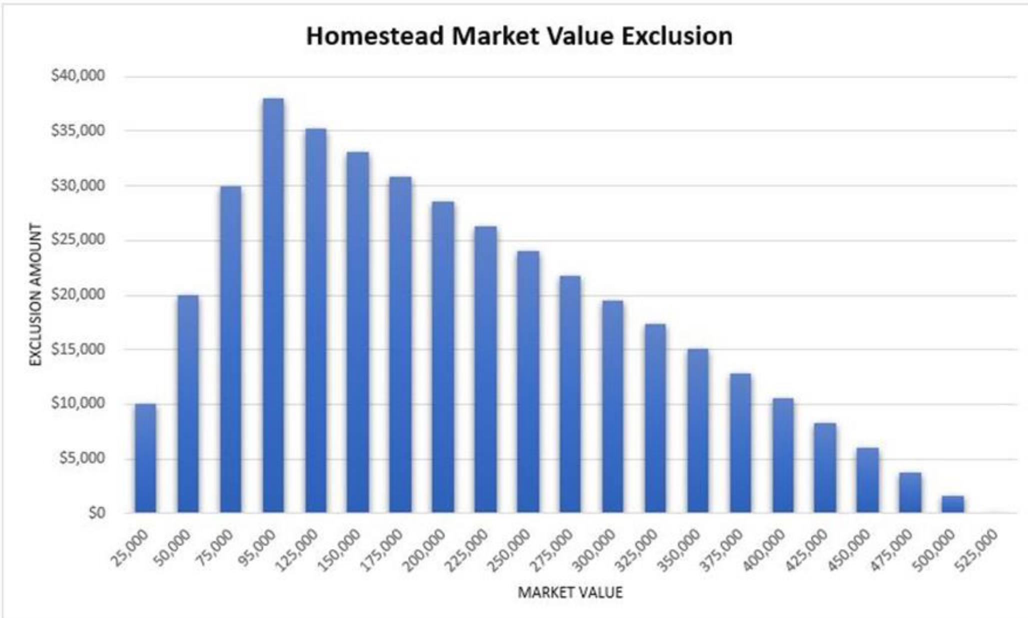
CITY OF BLOOMING PRAIRIE				
	Spring 2024	Fall 2023	% CHG	w/o NC
Land	$ 32,300,300	$ 31,927,100	1.2%	
Building	$ 153,069,300	$ 144,245,400	6.1%	
*** Total EMV	$ 185,369,600	$ 176,172,500	5.2%	4.7%
**Ag/Rural	$ 7,003,400	$ 6,649,500	5.3%	5.3%
**Residential	$ 148,261,900	$ 144,902,700	2.3%	1.7%
**Apartments	$ 4,636,200	$ 4,103,300	13.0%	13.0%
Commercial	$ 15,032,500	$ 11,622,900	29.3%	
Industrial	$ 10,435,600	$ 8,894,100	17.3%	
**Commercial Industrial	$ 25,468,100	$ 20,517,000	24.1%	24.0%
**New Improvements	$ 976,300	$ 1,672,700	-41.6%	
Resid Hstd	$ 287,700	$ 1,122,600		
Resid N-Hstd	$ 657,600	$ 491,300		
Commercial	$ 28,000	$ 11,300		
Industrial	$ 3,000	$ 47,500		

CITY OF MEDFORD				
	Spring 2024	Fall 2023	% CHG	w/o Imp
Land	25,845,800	$ 25,821,800	0.1%	
Building	123,654,300	$ 114,005,300	8.5%	
*** Total EMV	$ 149,500,100	$ 139,827,100	6.9%	5.4%
**Ag/Rural	1,440,600	$ 1,332,400	8.1%	8.1%
**Residential	$ 121,059,400	$ 113,800,200	6.4%	5.7%
**Apartments	$ 7,097,800	$ 5,553,300	27.8%	3.2%
Commercial	$ 18,442,000	$ 17,782,500	3.7%	
Industrial	$ 1,460,300	$ 1,358,700	7.5%	
**Commercial Industrial	$ 19,902,300	$ 19,141,200	4.0%	4.0%
**New Improvements	$ 2,103,500	$ 357,760	488.0%	
Resid Hstd	$ 609,500	$ 278,460		
Resid N-Hstd	$ 126,200	$ 15,900		
Apartments	$ 1,367,800	$ 63,400		
Commercial	$ -	$ -		
Industrial	$ -	$ -		

CITY OF ELLENDALE						
		Spring 2024		Fall 2023	%CHG	w/o NC
Land	$	11,336,100	$	11,123,100	1.9%	
Building	$	52,230,500	$	46,752,700	3.7%	
*** Total EMV	$	63,566,600	$	57,875,800	9.8%	8.8%
**Ag/Rural	$	2,472,200	$	2,269,800	8.9%	8.9%
**Residential	$	52,647,100	$	47,744,000	10.3%	8.9%
**Apartments	$	3,462,800	$	3,101,700	11.6%	11.6%
Commercial	$	3,186,500	$	3,038,200	4.9%	
Industrial	$	1,798,000	$	1,722,100	4.4%	
**Commercial Industrial	$	4,984,500	$	4,760,300	4.7%	4.7%
**New Improvements	$	604,200	$	730,900	-17.3%	
Resid Hstd	$	506,200	$	621,400		
Resid N-Hstd	$	151,000	$	79,500		
Commercial	$	-		-		

General Assessment Information

For homesteads valued at $95,000 or less, the exclusion is 40% of the market value, creating a maximum exclusion of $38,000. The exclusion is reduced as property values increase and phases out for homesteads valued at $517,200 or more. Properties that are partial homesteads (for example, when only one of two owners lives there) will have a reduced exclusion.



Statutory Class Rates

2024 Tax Capacity and Class Rates

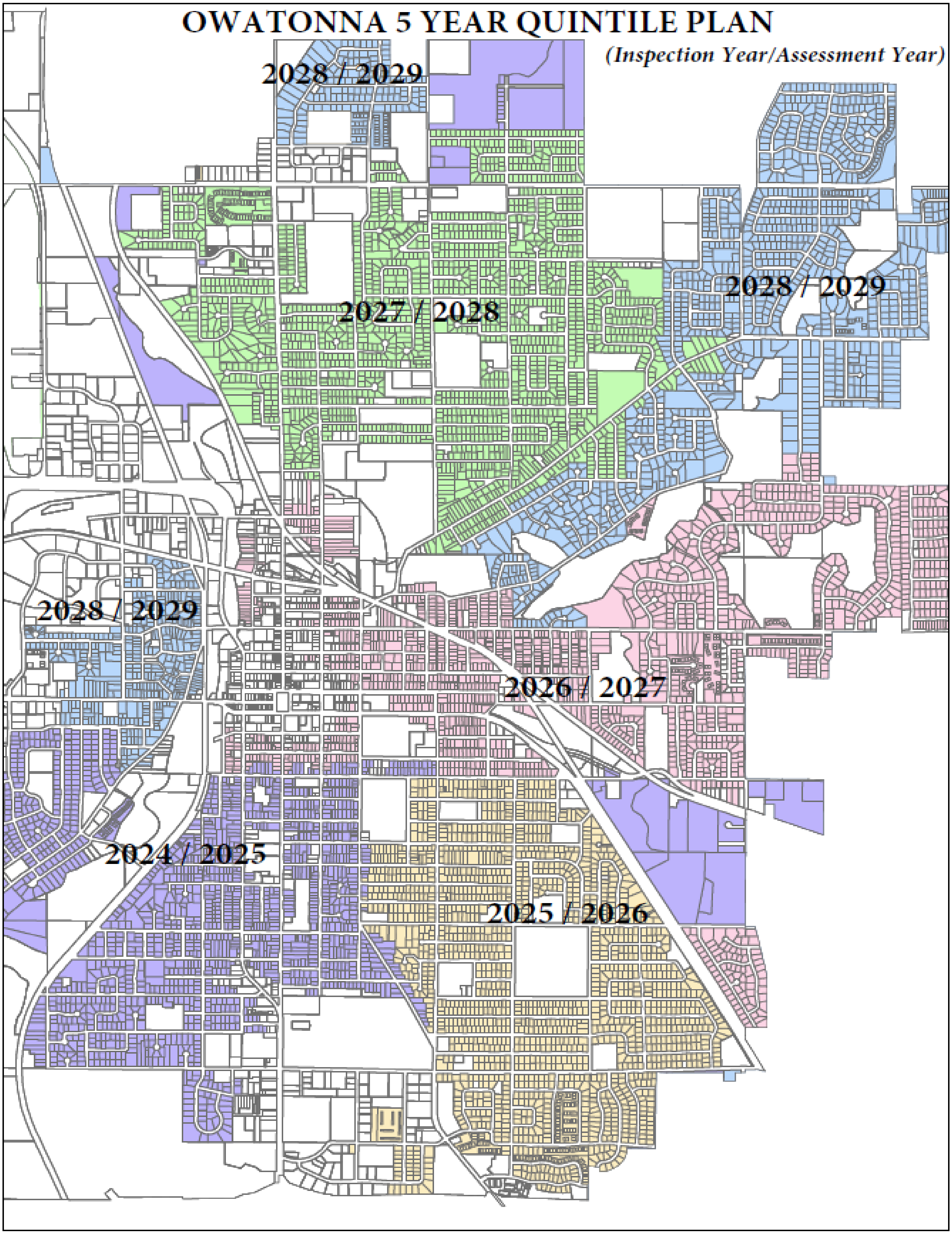
Taxable Market Value X Class Rate = **Tax Capacity**

40 classifications condensed

Class	EMV	Class Rate	Sub to State Tax
Residential	$500,000	1.00%	No
	Over $500,000	1.25%	No
Apartments	No tier	1.25%	No
Commercial/	First $150,000	1.50%	No
Industrial	Over $150,000	2.00%	Yes

Agricultural:			
House, Garage, One Acre:			
Ag Homestead	First $500,000	1.00%	No
	Over $500,000	1.25%	No
Remainder of Farm:			
	First $3,500,000	0.50%	No
	Over $3,500,000	1.00%	No
Non- Homestead:	All Value	1.00%	No

Quinitle Plans



Owatonna

16 April 2024

Parcel	Deedholder	Address		Original Classification / Adjusted Classification	Original Valuation / Adjusted Valuation	$Change
17-009-1411	STPJS LLC	415	NORTH ST W	Com Land/Bld - 1st 150,000	$ 265,000	
Rec#: 1				Com Land/Bld - 1st 150,000	$ 229,600	-$ 35,400
				Reason for Change:	Value High - Bldg	
17-118-0108	SPITZACK/JESSE P	419	ACADEMY ST E	Res - Non-Hmstd 1-3 Unit Dwell	$ 190,400	
Rec#: 1				Res - Non-Hmstd 1-3 Unit Dwell	$ 190,400	$ 0
				Reason for Change:	No Change	
17-148-0204	HEIN/DANIEL P	337	SELBY AVE	Residential -Single Unit Dwell	$ 205,400	
Rec#: 1				Residential -Single Unit Dwell	$ 205,400	$ 0
	RAICHLE/KEVIN M			Reason for Change:	No Change	
17-187-0110	RAICHLE/JEANETTE M	212	OAKDALE ST	Residential -Single Unit Dwell	$ 218,900	
Rec#: 1				Residential -Single Unit Dwell	$ 218,900	$ 0
				Reason for Change:	No Change	
17-574-0901	WOTTRENG PROPERTIES LLC	135	28TH ST NE	Com Land/Bld - 1st 150,000	$ 801,300	
Rec#: 1				Com Land/Bld - 1st 150,000	$ 801,300	$ 0
				Reason for Change:	No Change	
17-582-0405	WOODS/SAMUEL A & ARDIS L	2475	FOX HOLLOW LANE	Residential -Single Unit Dwell	$ 324,400	
Rec#: 1				Residential -Single Unit Dwell	$ 324,400	$ 0
				Reason for Change:	No Change	

Parcel	Deedholder	Address	Original Classification / Adjusted Classification	Original Valuation / Adjusted Valuation	$Change