

CITIZENS LEAGUE REPORT

No. 57

**Assessment Law and Practice in  
Minneapolis, Hennepin County & the  
state of Minnesota**

**June 1, 1956**

Citizens League  
601 Syndicate Building  
Minneapolis 2, Minnesota

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REPORT ON ASSESSMENT LAW AND PRACTICE IN THE CITY OF MINNEAPOLIS,  
HENNEPIN COUNTY AND THE STATE OF MINNESOTA

INTRODUCTION

This report by the Executive Committee is a result of studies by two sub committees of the Citizens League, the Minneapolis Assessments Sub Committee of the Taxation and Finance Committee, and the Assessments Sub Committee of the County Government Operations Committee.

The former study was an examination of assessment practices in the City of Minneapolis, their effects and recommendations for improvement. It recognized that Minneapolis assessing is closely affected by the system of assessment law and practice that exists throughout the State of Minnesota.

The latter study was initiated to improve county-wide assessment practices. After reviewing several authoritative reports, the sub-committee concluded that improvement of certain statewide assessment laws and practices is necessary.

Reports of both sub committees were essentially concerned with assessment of real property, believing the problem of personal property requires special study. However, many of the conclusions and recommendations would apply with equal force to conditions in the assessment of personal property.

The purpose of this report by the Executive Committee is to:

1. Consolidate the conclusions and recommendations of the two sub committees' reports.
2. Give to the citizens of Minneapolis and Hennepin County and the State of Minnesota a brief outline which we hope will stimulate the enactment of legislation to correct a situation long in need of correction.

## CONCLUSIONS

1. Widespread, gross, basic inequities exist in property valuation for tax purposes in the State of Minnesota. The existence of discrepancies in any marked degree represents, in effect, the exercise of the taxing power by the assessing authorities, a power which they are not supposed to have.

a. Minneapolis' average ratio of true and full value to current value is about on a level with the entire State and St. Paul, and somewhat higher than Duluth and Hennepin County outside Minneapolis.

b. A substantial differential in average assessment ratios appears to exist between types or classes of property throughout the State, including Minneapolis and rural Hennepin County. As a general rule, residential properties are being accorded preferential treatment as compared with commercial, industrial and public utility property.

c. Within classes of property within assessment districts, there appears to be a high degree of uniformity for the majority of properties, but there are significant numbers of properties which have considerably higher or lower assessment ratios than the average. These properties are being accorded inequitable treatment of substantial proportions and are the properties about which we are primarily concerned.

2. The heavy reliance upon the property tax by taxing units in Minnesota makes it especially important that the property assessment system be improved.

3. Fundamentally, the inequities in our assessment system appear to stem from a disregard for our State laws which require property to be assessed at its true and full value--"true and full value" being the "usual selling price at the time of assessment."

4. The property owner has great difficulty to learn with much certainty how his assessment is determined, and he has virtually no "yardstick" against which he can measure the relative equity or inequity of his property valuation as compared to other properties, since nearly all properties are assessed at less than usual selling price.

5. Because properties are regularly assessed at less than usual selling price, taxpayers are effectively denied their traditional right to independent judicial review of their grievances in our courts in the event they and the assessing authorities are unable to reach a mutually agreeable, equitable valuation.

6. In many instances assessment administration is handicapped through untrained underpaid and politically-dependent personnel and from the allowance of an insufficient amount of time in which to complete assessment duties.

## RECOMMENDATIONS

1. State law should be revised to recognize officially the existence of a differential between the "usual selling price" and the "true and full value" used by assessing authorities for tax valuation purposes, thereby providing a basis for comparison and review of assessments.

2. State law should be revised to require official acknowledgement and publication of this differential—the "assessment ratio", in the determination and administrative review of assessments. Oregon is an example of a state where such a requirement exists.

3. State law should be revised to require that our courts recognize and apply the assessment ratio upon application of the taxpayer. We recognize that this and recommendation #2 may raise practical problems because of the fact that at the present time assessment ratios vary among the several classes of property, but we emphasize the importance of the ultimate objective of bringing together the assessment ratios of all classes of property.

Accomplishment of recommendation #2 might make this change in law unnecessary but the improvement in judicial remedy should not be delayed pending any other legislative change.

4. The Hennepin County legislative delegation should help support, through appropriations and otherwise, continuing statewide assessment surveys such as those made by the State Tax Department staff under the Equalization Aid Review Committee.

5. Assessors should gradually revise their assessments so that assessment ratios of the several classes of property tend to be brought together at a figure somewhere between the extremes which exist according to the 1955 Equalization Aid Review Report.

6. State law should be revised to create assessing districts sufficient in size to utilize technically-trained and qualified, adequately paid, politically-free assessing staffs operating on a full-time basis.

7. Further research should be undertaken to determine how uniform are the assessments of land and building separately, since the Sub Committee on Minneapolis Assessments has looked only at data on land and improvements together.

\* \* \* \* \*

The following pages are drawn from the two sub committee reports upon which the foregoing conclusions and recommendations are based. The members of these sub committees were:

Sub Committee on Minneapolis Assessments,  
Taxation and Finance Committee

Sub Committee on Assessments,  
County Government Operations Committee

Charles O. Boyum  
John Burger  
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Harold Dow  
Robert F. Fitzsimmons  
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E. F. Robb, Jr., Chairman

I. WHAT ARE THE STANDARDS AND PROCEDURES SET FORTH IN STATE LAW AND REGULATIONS FOR ASSESSING PROPERTY?

Provisions of state law

M. S. 1949, Sec. 273.11 states:

"All property shall be assessed at its true and full value in money. In determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall he adopt as a criterion of value the price for which such property would sell at auction or at a forced sale, or in the aggregate with all the property in the town or district; but he shall value each article or description of property by itself, and at such sum or price as he believes the same to be fairly worth in money..."

M. S. 1949, Sec. 272.03 states:

"Full and true value means the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at private sale and not at forced or auction sale."

The law thus requires that assessments--true and full value--be at usual selling price, no more and no less, and that all property be so valued, that is, that there be uniformity.

Is the law being followed in these respects? The work of the State Equalization Aid Review Committee gives us facts to answer this question.

The Minnesota Equalization Aid Review Committee Report

The 1953 Legislature established an Equalization Aid Review Committee consisting of the commissioner of education, the commissioner of administration and the commissioner of taxation. Its duty was to review the assessed valuation of school districts receiving equalization aid. The law provided that the committee should call upon the Department of Taxation to ascertain the true valuation of school districts receiving equalization aid. However, the committee concluded that in order to get a true picture of assessment standards in the state it was necessary to conduct a survey in all of the school districts.

All the direct quotations that follow are from the E.A.R. Committee report.

1. The conduct of the survey

"The committee soon realized that distribution of equalization aid in keeping with the equalization principle depended upon the use of the same standard, or unit of measurement, for assessed valuation in all school districts of the state. To determine what unit of measure was being used in the various school districts, an extensive sales-ratio study on a sample basis was made for the entire state by the Department of Taxation.

"Since the purpose of the study was to determine the level of assessment, or relationship of the assessor's true and full value to current value, in the different school districts, representative samples

of various classes of real property such as farm, residential, commercial, industrial, etc., were selected for study. The analysis was done by comparing the true and full value of property as determined by the assessor with estimated current value. In determining current value, preference was given to recent bona fide sales. In the absence of a sufficient number of such sales, the sample was supplemented by appraisals at prevailing market prices.

"Beginning with the initial compilation and organization of the data, every effort was made to secure as high a degree of accuracy as possible. All available techniques were utilized to keep the margin of error to a minimum. The methods used in collecting, organizing, and analyzing the data were those commonly used by recognized authorities. These procedures were designed to minimize the effect of any faulty sales or appraisal data which may have been inadvertently included in the sample.

"Every sale included in the analysis was investigated personally by a staff member from the Department of Taxation, who attempted to contact the owner of the property for first-hand information regarding the sale of the property in question. That step was taken to insure that only bona fide sales were included in the analysis."

## 2. Pertinent data for judging Minneapolis Assessments

The committee thought the data in Table 1 and Table 2 in the appendix were significant for Minneapolis. They were drawn from the Summary EAR Report and a recent letter from the Commissioner of Taxation to the League staff.

### II. IS MINNEAPOLIS REAL PROPERTY BEING ASSESSED AT TRUE AND FULL VALUE AS DEFINED IN THE LAW?

Table 1 gives us the answer to the first question: Is Minneapolis real property being assessed at true and full value, that is, at usual selling price? Clearly, the answer is No.

In Minneapolis as well as elsewhere in the state, the assessor has adopted a "lower or different standard of value."

Table 1 also shows this. Minneapolis' overall ratio of true and full value to current value is about on a level with the entire state and St. Paul, and somewhat higher than Duluth and Hennepin County outside Minneapolis. (See Appendix, Section 1)

### III. IS THERE UNIFORMITY IN ASSESSMENTS OF MINNEAPOLIS PROPERTY?

There are two parts of this question: uniformity of assessments among classes of property, and uniformity on the same type of property.

#### Among classes of property

1. Table 1 indicates that there is a differential among types of property which favors residential property as compared to commercial, industrial and public utility property.

2. Here again, we find similar variations among classes of property in St. Paul, Duluth and the state as a whole, although the variation is more extreme in Minneapolis.

3. Residential assessments in Minneapolis are about on a par with those in suburban and rural Hennepin, but commercial assessments in Minneapolis are significantly higher.

The sub committee tried to find out whether this variation of assessment ratios among classes of property is repeated throughout the country. We were unable to get much information but <sup>what</sup> we did get--for example, from the National Association of Assessing Officers, and the chairman of the current assessments committee of the National Tax Association--indicates that a variation does exist. There is no indication, however, as to whether the variation is more or less extreme elsewhere than it is in Minneapolis.

#### Within same classes of property

Table 2 provides the answer to the question of uniformity of assessments within the same class of property. The table uses the coefficient of dispersion, which is explained by the E.A.R. report as follows:

. "A useful tool in measuring uniformity of assessments within an assessing unit is the coefficient of dispersion. When the assessment sales ratios of most properties within a county are relatively uniform and are grouped closely together, the coefficient of dispersion will be low. A low coefficient of dispersion therefore indicates a well equalized assessment. On the other hand, wide variations in the ratio of true and full value to current value will result in a high coefficient of dispersion. This suggests a lack of equality among individual assessments."

We conclude from Table 2 that Minneapolis is getting a good job of assessment as measured by the consistency of assessing practices on the same type of property. That is, like proper ties are being assessed with a relatively high degree of uniformity. (See Appendix, Section 2).

#### IV. EASE OF PROPERTY OWNER'S DETERMINING HOW HIS ASSESSMENT IS FIGURED

After familiarizing itself with the Minnesota Assessor's Manual, the sub committee had two meetings with the Minneapolis City Assessor to determine how his office makes assessments. Individual sub-committee members and staff also discussed the matter with the assessor.

#### Determining the true and full value

The assessor said that his assessors determine true and full value of residential property by reference to all the elements that go through a person's mind when purchasing a house: size and shape of lot, surrounding neighborhood, nearness to churches and schools, shopping centers, condition of furnace and roof, useful life, etc. With this information they use charts, tables, and

schedules on such items as age, building classifications, reproduction costs (materials and labor) volume (cube content), and height variation, depreciation and obsolescence. Essentially, this is the "cubing" method suggested in the Minnesota Assessor's Manual--determination of construction cost per cubic foot of volume and modification by depreciation, obsolescence and the other factors noted.

Final determination, however, is a matter of judgment for the assessors, using their experience and knowledge of similar properties.

The assessor said that this assessment procedure is not designed to come out with some definite relationship to usual selling price. The assessing process is an art, not an exact science, and must result from application of experienced judgment to many variable factors. While the property owner therefore may not be able to compute his tax liability independently, as when paying an income or sales tax, this is because of the nebulous and variable nature of usual selling price. Variations have been especially strong since the start of World War II, because of inflation, the housing shortage, liberalized loan policies and other unusual factors.

If the property owner wonders about his assessment he is referred to the assessment of similar properties. The assessor will go to considerable trouble to show the property owner that he is being equitably assessed. In the final analysis, the system does result in uniformity, as shown by the state study.

Regarding assessment of commercial and industrial property, the assessor said heavy reliance is placed on income and sales data. But he did not say that the assessment procedure is designed to come out with some definite relationship to a usual selling price.

### Conclusion

To feel that he is being taxed fairly, a taxpayer wants to understand the basis for determining his tax liability. For the property taxpayer this means understanding the tax rate and the taxable value of his property.

While State law clearly says that true and full value means selling price at private sale, true and full value currently is actually only a fraction of usual selling price. To make the facts square with the law, this sub committee believes that the law should be changed.

In the interest of fairness and the property owner's ability to understand determination of his tax liability, true and full value should be definitely related to usual selling price and there should be official recognition of this relationship. Usual selling price is still the only standard of value set forth in the law.

We recognize the difficulties involved in establishing such a relationship for all properties. Turnover in properties varies and frequently sales do not represent the result of bargaining between a willing buyer and a willing seller. These difficulties are the reason that elaborate schedules of basic data have been developed and the experienced judgments of trained personnel are needed.



But officially establishing the relationship of true and full value to usual selling price does not mean that the true and full value of each property would need to have the exact official percentile relationship to market value. Some reasonable range around the average would be feasible in order to allow for the difficulties above cited.

The important thing is that this relationship be openly acknowledged by assessing officials so that the taxpayer has a definite rule by which he can measure his own assessment.

We have not studied nationwide experience sufficiently to give a considered recommendation as to the machinery which might be set up to insure that a definite assessment ratio is used by the assessor and is made public. However, we call attention to the system adopted by the Oregon legislature to go into effect in 1956. The Oregon law states:

"So that a taxpayer may know what relationship the assessed value of property on the current assessment roll bears to its true cash value, each county assessor shall, not later than April 16, post on or near each door opening into the assessor's office, and in a position where the notice can be read, a notice containing the following words (including the correct information for the blank space) printed in letters sufficiently large to be visible to a person with normal vision standing within 10 feet thereof:

"The assessed valuation of locally assessed taxable property assessed by the county assessor's office in . . . . . County, as entered on the 19....-19.....assessment roll, is....percent of the true cash value of such property."

The assessor's ratio is subject to review by the county board of equalization which may certify a different ratio if its studies indicate one is needed. If the board finds that the assessor's percentage varies more than 20 percent from the percentage determined by the board, the assessor may be removed from office. The board's percentage is in turn reviewed by the state tax commission, which may substitute its own percentage if the board's percentage is 10 percent more or less than the commission's ratio.

The law specifies requirements for wide publicity to be given to the assessment ratios, and gives the board and commission authority to make reductions in assessments according to the ratio. Regarding the board of equalization, for example, it states:

"When the county board of equalization determines whether the particular property of a petitioner is assessed beyond its true cash value or a percentage thereof applied uniformly to all classes of property within the county, it shall consider the correct assessed valuation of the property to be the result obtained by multiplying the true cash value of the property, as determined by the board, by the percentage contained in the notice..."

Regarding publicity on the assessment ratios, the law concludes:

"In order that full publicity may be had of the determinations of ratio and of the meeting of the board of equalization, in addition to the notices otherwise prescribed by statute, the assessor, board of equalization and tax

commission may cause additional publicity therefor to be given by other means, including publications in other newspapers and by radio and television announcements."

V. PROPERTY OWNER'S RIGHT OF REDRESS THROUGH THE COURTS IF HE FEELS  
HIS ASSESSMENT IS UNFAIR

One of the basic ways the American system of government protects the individual from arbitrary actions of government is through separation of powers and independent judicial review of acts of the legislative and executive branches. The property owner in Minnesota at the present time is in effect denied this protection with regard to assessment of his property because of the present law regarding determination of true and full value, and the court's interpretation of the law.

The 1954 report of the League's County Government Committee on the Assessment System of Suburban and Rural Hennepin County summarized the nature and results of the present system of taxpayer appeals to the courts as follows:

"Under section 278.01, Minnesota Statutes 1953, a person who claims that his property has been unfairly or unequally assessed at a valuation greater than its real or actual value, may have his objection determined by the District Court of Minnesota by filing his petition, after service on the County Auditor, County Treasurer, and County Attorney, in the District Court on or before the first day of June of the year in which such tax becomes payable. He must, however, pay 50% of the tax levied before filing his petition, and one-half of the balance before November 1st of the same year.

"This procedure has had two distinct disadvantages; delay of from a year to 18 months before coming to trial and, more important, if the full and true valuation is less than 'actual' or market value, e.g., 90% of market value, no correction will be made. Thus, where 35% of market value has been the yardstick recently used in measuring 'full and true', the taxpayer has no practical remedy under this procedure.

"This procedure has been little used of late and has obtained virtually no results."

A bill was introduced in the 1955 legislature (HF #1414) to eliminate the second of these disadvantages by giving the property owner the right to have his property valued for assessment purposes" on the basis of the same standard of value as is used for valuing other real property of personal property in the same town or assessing district regardless of whether or not such owner's property has been valued for such purposes at its true and full value in money." The bill declared the property owner's right to have his assessment related to the prevailing standard of value in any appropriate court action.

This sub-committee holds no brief for all the details of this bill, but feels that its principle is sound and should be incorporated in law so that the property owner may have final recourse to an effective court review of the action of assessment administrators. This may raise practical problems of judicial application because of the fact that at the present time assessment ratios vary among the several classes of property, but these will diminish as we

approach the ultimate objective of uniformity among the assessment ratios of all classes of property. (See Appendix, Section 3).

#### VI. SHOULD ASSESSING DISTRICTS BE INCREASED IN SIZE?

The Minnesota Tax Study Commission report of December, 1954, says:

"A satisfactory system of uniform original assessments and a workable system of state supervision can best be achieved by a substantial reduction in the number of administrative units involved.

"The wide variation in the present assessment standards throughout the state is contributed to by the incompetence of some of the assessors, is fostered by lack of effective centralized control of the assessing procedure, and, under the present system, could in some measure result from local needs or pressures."

The Citizens League's County Government Operations Committee's report on Assessment System of Suburban and Rural Hennepin County, December 1954, says:

"Equalization by local review boards and the County Board of Equalization did not correct the inequities. Equitable assessment requires first of all a good assessment. The value of a competent local assessor is shown by the Wayzata experience.

APPENDIX

TABLE 1

ASSESSMENT RATIOS BY TYPE OF PROPERTY FOR SELECTED GOVERNMENTAL UNITS

1952

<u>Type of Property</u>	<u>Hennepin County</u>					<u>Total State</u>
	<u>Minneapolis</u>	<u>Excluding Minneapolis</u>	<u>Including Minneapolis</u>	<u>St. Paul</u>	<u>Duluth</u>	
Residential	32.40%	30.30%	31.70%	32.90%	27.85%	30.44%
Commercial	48.51	31.32	46.98	44.11	41.13	38.79
Industrial	46.19	-	44.73	42.16	35.91	35.06
Public utility	43.09	-	43.74	48.41	53.92	45.88
Multiple Dwelling	36.94	-	-	40.00	35.91	37.82
Lake shore	--	-	-	-	-	16.20
Farm	--	41.38	41.38	-	-	43.68
Total	37.06%	-	35.46%	36.50%	32.31%	35.99%

TABLE 2

COEFFICIENTS OF DISPERSION BY TYPE OF PROPERTY FOR SELECTED

GOVERNMENTAL UNITS

1952

<u>Type of Property</u>	<u>Minneapolis</u>	<u>Hennepin County Excluding Mpls.</u>	<u>St. Paul</u>	<u>Duluth</u>	<u>Total State</u>
Residential	12%	13%	16%	15%	18.5%
Commercial	20%	29%	23%	19%	22 %

Source: Summary Report, Minnesota Equalization Aid Review Committee  
March, 1955.

## APPENDIX

### SELECTED REFERENCES FROM REPORT OF SUB COMMITTEE OF COUNTY

#### GOVERNMENT OPERATIONS COMMITTEE

These quotations were used in the report to support the sub committee's analysis and recommendations. The sources of these quotations are:

- MTSC - Minnesota Tax Study Commission report dated December, 1954
- EAR - Minnesota Equalization Aid Review report dated March, 1955
- MS - Minnesota Statutes, 1949
- MC - Minnesota court opinions, judicial reviews
- CGO - County Government Operations Com., Citizens League, Dec. 1954
- NJ - New Jersey Commission on State Tax Policy, February, 1953

#### Section 1 ARE STATE LAWS BEING DISREGARDED WITH RESPECT TO PROPERTY TAXATION IN MINNESOTA?

MTSC            "This commission deplores the present deviation from statutory standards for the assessment of property practiced throughout this state..."

MTSC            "There is ample evidence of wide variations between the provisions of the laws of Minnesota in respect to assessment procedure and the administration of those laws at the local level. Lax enforcement of laws leads to contempt and contempt leads to evasion."

EAR            "Disregard for the statutory requirement that real property be assessed at its full and true value is an old story in Minnesota and many other states. As early as 1902, the Minnesota Tax Commission referred to real property assessment in the state as "a startling example of the disregard of law by those to whom its administration is entrusted".-----quoting from the 1914 Tax Commission, "From the time of the adoption of our state constitution in 1858 until the year 1914, when the classified assessment law went into effect, our laws explicitly provided that 'all property shall be assessed at its true and full value in money. Notwithstanding the clear and mandatory character of this statute, it was never enforced or obeyed, but was wilfully and shamelessly violated by taxpayers and tax officials everywhere from the very beginning. The universal practice prior to 1914 was to assess at from 25 to 50 percent of actual value."

#### Section 2 DO WIDESPREAD, GROSS, BASIC INEQUITIES EXIST IN PROPERTY VALUATION (FOR TAX PURPOSES) IN MINNESOTA TODAY?

MTSC            "This commission deplores the present deviation from statutory standards for the assessment of property practiced throughout the state and recognizes that it has inadvertently created non-legal and unintentional vast differences in the actual property tax to be paid the state from its mill rate levied on property throughout the state."

NJ            Woodrow Wilson, in inaugural address upon assuming office of Governor of New Jersey in 1911, ".....I do not see how anyone can determine whether there are or not (inequities in property taxation) for we have absolutely no uniform system of assessment. It would seem in every locality that there is some local variety of practice, in the rate, the ratio of assessment value to market value, and that every assessor is a law unto himself...."

MC "Unfortunately courts must take judicial notice of the fact that the ultimate assessment of real and personal property is extremely uneven and erratic and that no certain percentage of actual value is obtained." State v. Cudahy Packing Co., 1908, 103 Minn. 419, 115 N.W. 1039

CGO "The Deephaven analysis, the Hennepin County assessment survey for the State Equalization Aid Review Committee, and the experience in the City of Wayzata point to these conclusions: 1. There was considerable variation in the assessment ratios of individual properties in suburban and rural Hennepin County, resulting in basic inequities in property taxation. From the Deephaven analysis, furthermore, it appears that higher valued properties were assessed at a higher ratio."

EAR The figures in the next three paragraphs are quoted from EAR report.

The weighted average "assessment ratio" (relationship of "full and true value" to "usual selling price") in Minnesota is 35.99%; Hennepin County, 35.46%; Ramsey County 36.34%; St. Louis County, 25.76%; the remaining counties range from a high of 51.99% (Red Lake) to a low of 16.91% (Koochiching).

The "range" of assessment ratios in Hennepin County (excluding Minneapolis) is 103.33% for residential properties (2,092 properties studied); 100.00% for commercial (227 studied); 123.33% for farms (160 studied). The range in Minneapolis is 63.48% for residential (4,255 studied); 101.84% for commercial (230 studied); 53.59% for apartments (74 studied).

The meaning of "range" is very significant. It describes the degree of equity which exists between properties at the high and low ends of the valuation spectrum. For example, if two properties each having a "usual selling price" of \$10,000 were carried on the assessment books at "full and true values" of \$1,000 (10%) and \$11,000 (110%), the "range" of their assessment ratios would be 100% (10% - 110%). Both of these properties, according to law and out-and-out fairness, should be assessed on the same basis, and pay the same tax if in the same district, yet the tax burden in this example cited (for comparison, see "ranges" in the preceding paragraph) would result in one paying a tax eleven times that borne by the other (if both were homesteads, 12.4 times greater tax in this particular case). The fact that 10% of the residences in EAR study in Hennepin County outside Minneapolis were assessed on a basis at or above 39.43% of their market value (above 40.61% in Minneapolis) while 10% were assessed at or below 22.71% (Minneapolis 25.94%) is indicative of the substantial inequities existing which are creating large and unjust differences in tax burdens.

Section 3 SHOULD THE TAXPAYER HAVE THE RIGHT TO EFFECTIVE JUDICIAL APPEAL FROM THE VALUATION DETERMINED BY THE ASSESSING AUTHORITIES?

MC The power to tax is the power to destroy--"Mr. Justice Quinn, speaking for the court about the Minnesota Tax Commission (now the Commissioner of Taxation) said, 'It is an administrative body vested with quasi judicial functions'." 156 Minn. 89, 194 N.W. 317

"The Minnesota statutes should be amended to clearly give relief from taxation based on property values when it appears that the owner has been discriminated against by having his property valued at a higher standard of market value than other property in the taxing district. This is not intended to mean that the statute requiring assessment at full and true value should be relaxed. Provision should be made by the legislature to reimburse the taxpayer, for his costs either in whole or in part, when he is successful in his proceeding."

Section 4 DO ASSESSING AUTHORITIES HAVE AMPLE POWER TO PREVENT AND/OR CORRECT GROSS INEQUITIES IN PROPERTY TAX VALUATIONS?

This committee feels that assessing authorities do have ample power to prevent and/or correct such inequities. It deplores the lack of consistency in the exercise of these powers. The following paragraphs are cited to indicate the extent of these powers at the state, county and local levels of government in Minnesota.

State:

The Governor, property omitted or undervalued

M.S. 274.10, Subdivision 1. "When it shall be made to appear to the governor by verified complaint, or by the finding of a court or of the legislature, or any committee thereof, that any considerable amount of property in any county has been improperly omitted from the tax lists and assessment roll of such county for any year; or, if assessed, that the same has been grossly undervalued by the assessor or other county officials, whether or not such assessment has been reviewed by the county board of equalization, he shall appoint, in writing, some competent citizen of the state, not a resident of such county, as examiner, to ascertain the character, location, value, and ownership of the real and personal property in such county so omitted or undervalued.

Board of Tax Appeals, power to review

M. S. 271.05 "The board of tax appeals shall have power to review and redetermine orders or decisions of the commissioner of taxation upon appeal therefrom in the cases authorized by law."

Board of Equalization, duties

M.S. 270.12 "....examine and compare the returns of the assessment of property in the several counties, and equalize the same so that all the taxable property in the state shall be assessed at its full and true value...." "This board meets annually in September.

Commissioner of Taxation, reassessments, complaints, changes of assessed valuations.

M.S. 270.16 "When it shall be made to appear to the commissioner of taxation, by verified complaint or by the finding of a court or of the legislature, or either body of the same, or any committee thereof, that any considerable amount of property has been improperly omitted from the tax list or assessment roll of any district or county for any year, or, if assessed, that the same has been undervalued or overvalued, as compared with like property in the same county or in the state so

that the assessment for such year in such district or county is grossly unfair and inequitable, whether or not the same has been equalized by the county board of equalization or the commissioner of taxation, the commissioner of taxation shall-----cause a reassessment to be made of any or all of the real and personal property, or either, in any such county or district shall be assessed equitably as compared with like property in such district or county"

M.S. 270.11, Sub. 3 "The commissioner of taxation shall appoint a special assessor and deputies under him and cause to be made, in any year, a reassessment of all or any real and personal property or either, in any assessment district, when in his judgment such reassessment is desirable or necessary, to the end that any and all property in such district shall be assessed equitably as compared with like property in the county wherein such district is situated."

M.S. 270.11 Sub. 5. "The commissioner of taxation shall receive complaints and carefully examine into all cases where it is alleged that property subject to taxation has not been assessed or has been fraudulently or for any reason improperly or unequally assessed, or the law in any manner evaded or violated, and cause to be instituted such proceedings as will remedy improper or negligent administration of the taxing of the state."

M. S. 270.11, Sub. 6 "The commissioner of taxation shall raise or lower the assessed valuation of any real or personal property, including the power to raise or lower the assessed valuation of the real or personal property of any individual, copartnership, company, association or corporation; provided, that before any such assessment against the property of any individual, copartnership, company, association, or corporation is so raised, notice of his intention to raise such assessed valuation and of the time and place at which a hearing thereon will be held shall be given to such person, by mail, addressed to him at this place of residence as the same appears upon the assessment book, at least five days before the day of such hearing."

## County

### Board of Equalization

M.S. 274.13 "The county commissioners, or a majority of them, with the county auditor, ---shall form a board for the equalization of the assessment of the property of the county. ---shall examine and compare the returns of the assessment of property of the several towns or districts, and equalize the same so that each tract or lot of real property and each article or class of personal property shall be entered on the assessment list at its full and true value--("notice to person in whose name property is assessed shall be given when intention is to raise valuation").



## Local

### Board of review

In brief, M.S. 274.01 provides a board of review (comprised usually of the local governing body) which shall meet annually in June to review the work of the assessor and to equalize property values if such appears desirable. This board must notify taxpayer if it intends to raise his valuation.

Our committee feels the assessor should be encouraged or required to notify taxpayer of his intention to raise the taxpayer's valuation if such be the case.