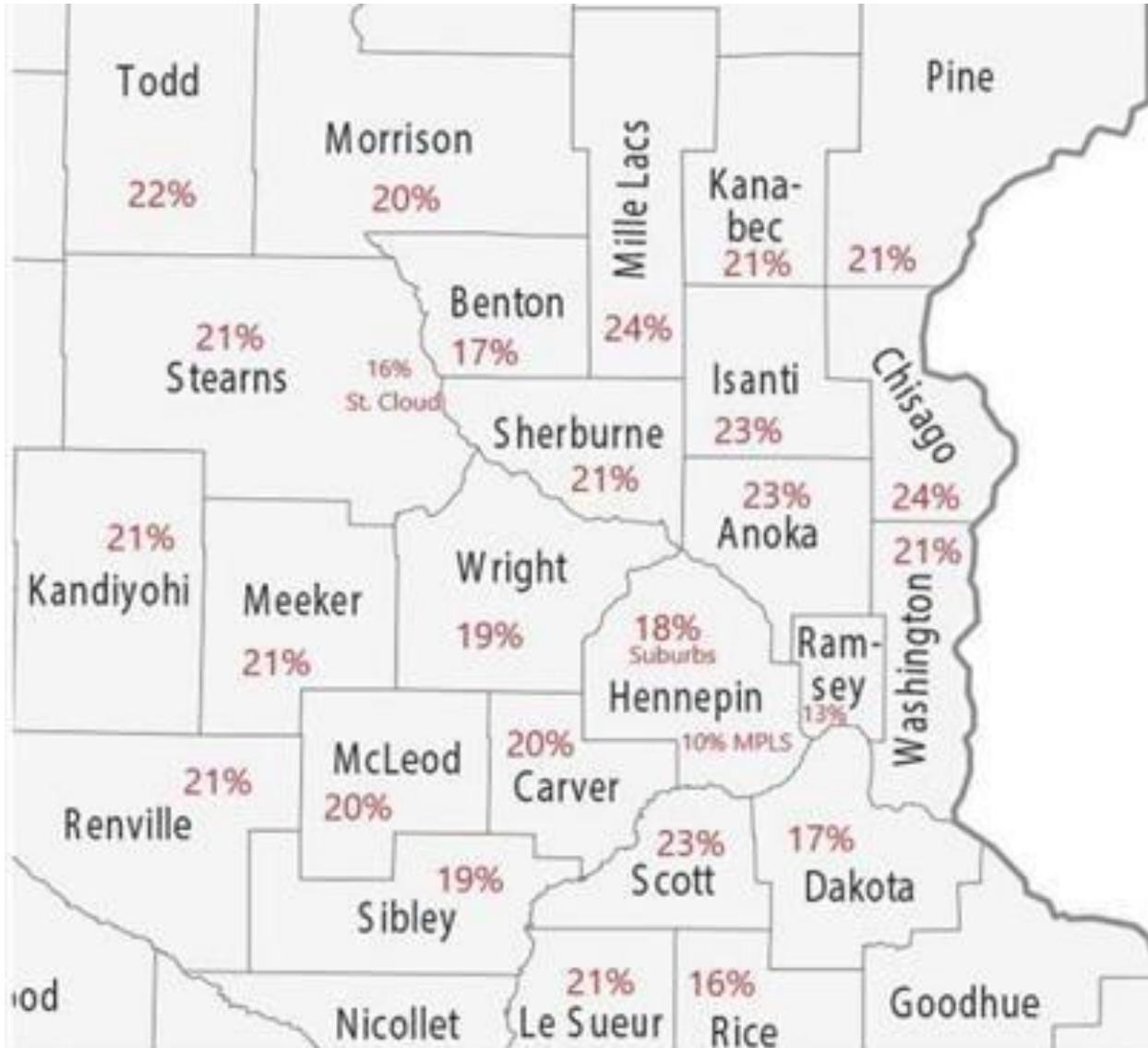


## Property values set to increase county-wide

- [By Zach Hacker zach.hacker@apgecm.com](mailto:zach.hacker@apgecm.com)
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A map provided by the Morrison County Assessor's Office shows the average 2022 residential property value increases throughout central Minnesota.

Courtesy of Morrison County Assessor's Office

Property owners in Morrison County can expect to see an increase on their 2022 valuation statements, which are slated to be mailed out by the end of the month.

During an update to the Morrison County Board of Commissioners, Tuesday, County Assessor Jean Popp said valuations had gone up county-wide during the past year. This is due, in large part, to strong sales numbers during the period of Oct. 1, 2020, and Sept. 30, 2021.

“We had this year, probably double the amount of sales that have taken place in Morrison County over the last 20 years,” Popp said.

Among residential properties, Popp said about 15% of homeowners within the county will see an increase around 10%; 22% will see an increase of about 15%; 32% will be at about 20%; 21% will be at around 25% and 2% at about 30%. It is important to note, however, that these totals are just averages. Other factors such as updates on a property or where it is located — such as on a lake — will also impact a property’s valuation.

In order to reach these numbers, Popp said her office looks at all qualified sales — those between a willing buyer and a willing seller — between that Oct. 1, 2020 - Sept. 30, 2021 time period. Those sales are compiled and studied to determine the market change for 2022 assessments, which are payable in 2023.

The sales are also grouped into similar property types, such as use, classification and individual townships and cities. The Assessor’s Office is mandated by the Minnesota Department of Revenue to have a median ratio within each area between 90% and 105%.

The ratio is figured out by taking the estimated market value of a property, divided by the sale price, plus any personal property, finance adjustments or other factors provided by the Department of Revenue. They are then aligned from high to low, and the median sale must fall between 90% - 105%. If it is outside of that range, that market must be adjusted up or down to bring it into compliance.

For example, there were a total of 41 qualified agricultural bare land sales in the aforementioned time period with a 72.48% median ratio. That indicates that the market needed to increase, and values were adjusted to reflect a new median ratio of 94.29%.

Between Oct. 1, 2020 - Sept. 30, 2021, there were also 28 qualified sales of rural vacant land, 54 agricultural land sales and improved land and 351 qualified residential sales. All of those had median ratios between 73% - 75%, and therefore had to be increased.

“Leading the townships and cities with the strongest sales, with an increase of 25% or more, are Little Falls Township, Motley Township, Pike Creek, Platte, Ripley, Scandia Valley, Pierz city, Randall, Royalton, Swanville city, Upsala and Little Falls city,” Popp said.

There were six qualified commercial sales with a 95.2% median ratio, which fell within the state guidelines. Popp added that a five-year history indicated apartments, mini-storage and industrial properties were also low and needed to be increased. The percentage depends on the individual property.

Popp also provided a map comparing Morrison County to others in the area. The average residential value increase of 20% is on par with activity in other counties throughout central Minnesota.

“Really keep in mind that these are averages, that there’s not really a way to come up with a good average,” Popp said. “There’s so many moving parts when you’re valuing property. It’s very difficult. If you change one number, you can come up with a value, but if you change multiple things, it’s hard to come up with that value.”

Members of the Board and Popp also noted that one of the most common misconceptions about valuation is that an increase in a property's value guarantees an increase in property taxes. However, taxes are determined by a combination of the valuation and the levies set by cities, townships, the county and school districts.

Popp said when the county sets its annual levy, it is not getting more or less money strictly because valuations went up or down.

"We've had it where we've increased values and sometimes the taxes go down," she said. "I'm not saying that's going to happen, because everybody's levy does change. There's a lot of things that go along with the tax part of it. But, because values are increasing — and they're increasing all over throughout the county — doesn't mean that, necessarily, taxes are going to increase by a large amount."

That said, Commissioner Randy Winscher clarified that, in many cases, changes to property taxes do follow trends present within the valuations.

Popp explained that is oftentimes true, but not always. Ultimately, they are two separate issues. After valuations have been determined, the county, cities, townships and school districts set their levies. Property taxes are determined by each property owner's portion of the levy.

"Unfortunately, when we're looking at our valuations for this assessment, it's not payable until next year," Popp said. "We don't know what that's going to do to the taxes, because the levies for the 2023 taxes aren't set until the end of the year. We can't really say that they're going to increase, decrease or change a lot or not much."

Board Chair Greg Blaine pointed out that it's important to remember that the "knife cuts both directions." While he said nobody wants their property taxes to go up, it is also good news for landowners if the value of their property is increasing.

He said the increased sales and rising valuations in the area can also be interpreted to mean Morrison County is a "great location" to invest in property or real estate.

"From an investment standard, Morrison County looks to be a very desirable place for residential, business or agricultural development," Blaine said.

Commissioner Mike LeMieur asked Popp what would happen if her office did not adjust valuations to fall within the state's mandated median ratio range of 90% - 105%.

Popp said, once the Assessor's Office has worked through all of the sales, they qualify or unqualify each individual transaction depending on the specifics surrounding it. Those numbers are then sent to the Department of Revenue, which informs the county what its median ratio is and how much it must change to be within the correct range, if necessary.

If she were to not make those changes, the state could come in and make blanket adjustments that would not reflect specifics of each property.

"We've got a lot of areas where the Mississippi runs through," Popp said "Some of those properties — they're very strong this year. They're going to come in and say, 'Little Falls Township, Bellevue Township,

needs to go up just due to, you're not in that median.' They're not looking at that specific, like I'm looking at that specific neighborhood."

Blaine also pointed out that the adjustments made by Popp's office were on the low end of the mandated range. He said that fact meant the Assessor's Office was looking out for taxpayers in that it was trying to prevent a larger spike than is necessary.

"We're trying to hold it down a little bit," Popp said.