
Glossary

APPENDIX G

abatement — A reduction in taxes granted under special circumstances when taxes have been erroneously or unjustly paid. Minnesota county boards may grant reductions in estimated market value or abatements of taxes, costs, penalties, or interest.

agricultural property — Property defined by Minnesota statutes as Class 2a and 2b, consisting of farm homes (both homesteaded and non-homesteaded), other farm buildings, and farm land used for raising or cultivating agricultural products and other agricultural purposes including pasture and timber.

arm's length transaction — A transaction involving the buying and selling of real estate between separate, willing parties where each seeks to maximize his or her position.

assessment/sales ratio study — A comparison of estimated market values to the sale prices of a set of properties used to evaluate the level and uniformity of property assessments.

base map — A map showing certain fundamental information, often used as a source to prepare other maps with specialized data.

cadastral maps — Maps that show subdivision boundaries, dimensions of individual tracts, and surrounding land uses, used for describing and recording ownership.

classification — A system of grouping properties based on their use for purposes of taxation. Examples of Minnesota property classes include non-agricultural homestead and commercial-industrial.

coefficient of dispersion — The average deviation of individual ratios from the median ratio used to measure the uniformity of assessments.

commercial-industrial property — Property defined by Minnesota statutes as Class 3a, consisting of buildings used for commercial purposes such as retail or manufacturing.

comparable property sales — Recently sold properties that have similar sales prices, physical and locational conditions, and other characteristics to a property being appraised.

computer-assisted mass appraisal system (CAMA) — A computerized system that uses statistical analyses to generate estimates of property value.

cost approach — One of three approaches to estimating value where appraisers estimate the cost of replacing a structure, subtract out depreciation to account for losses of value due to deterioration and other factors, and add in the value of land.

county board of equalization — A group of individuals, typically the county commissioners and county auditor, authorized to compare and equalize property assessments so that each parcel in the county is listed at its market value.

equalization — The process used by governments to ensure that property in a given jurisdiction is appraised equitably at market value.

estimated market value — The likely selling price of a property obtained during an arm's length transaction between informed and willing buyers and sellers; the value of a property as determined by the assessor.

field card — The document appraisers use as they review parcels to record specific property data about the interior and exterior of structures, land, improvements, legal descriptions, and ownership.

geographic information system (GIS) — A technology that yields computerized maps built from multiple sources of land-based data.

homestead — Property occupied as the principal place of residence by a property owner. In Minnesota's property classification system, homesteaded property enjoys a lower classification rate than many other property types, resulting in lower taxes relative to other properties in a jurisdiction.

homestead application — A document homeowners must file with county assessors to receive the homestead classification, and its resulting tax benefits, for their home.

income-capitalization approach — One of three approaches to estimating value where appraisers convert the income stream of a building into an estimate of the building's value. The approach assumes that future benefits derived from building ownership can be used to determine an estimate of present value.

interior inspection — The physical viewing by an assessor of the inside of a developed property to gather information on characteristics that affect value.

limited value — Legislation passed by the 1993 Legislature that prevents market values of residences from increasing more than 10 percent from one year to the next, or one-third the difference between the current assessment and the previous assessment. Limited value affects assessments for 1993 through 1997 and applies only to homesteaded and non-homesteaded residences, agricultural homesteads and non-homesteads, and non-commercial cabins.

local board of review — A group of individuals, typically the township board or city council,

authorized to determine whether the assessor has properly valued all parcels of taxable property in the assessment district.

map overlay — A map on a transparent medium that is superimposed on another map.

mass appraisal — The process of valuing a group of properties as of a given date using standard methods and statistical testing.

open book meetings — Meetings held by assessors to discuss property owners' questions regarding their assessments.

orthophotographs — Aerial photographs processed to minimize distortions; some orthophotographs are digitized to be computer-readable.

parcel — A contiguous area of land under separate legal ownership described separately for appraisal purposes.

petition — A property owner's appeal, filed in tax court, of the assessor's estimated market value.

price-related differential — A statistic used to measure the regressivity and progressivity of assessments, calculated by dividing the mean by the weighted mean.

property characteristics — Distinguishing interior and exterior features of a property and its surroundings used to help estimate market value.

property valuation notice — Information containing the estimated market value of the property mailed to Minnesota property owners at least ten calendar days before the local board of review meeting. The notice also includes, at a minimum: the limited market value, the qualifying amount of any improvements, the market value subject to taxation after improvements, the new classification, eligibility for value exclusions under "This Old House," the assessor's office address, and the date, place, and time set for the meetings of the local board of review and county board of equalization.

reappraisal/reassessment/revaluation — The mass appraisal of a jurisdiction's property within a prescribed cycle of time. Because Minnesota statutes require assessors to view and determine the market value of taxable property at maximum intervals of four years, assessors typically reappraise a quarter of their jurisdictions' parcels each year.

residential property — Properties defined by Minnesota statutes as primarily Class 1a and 4b(1), consisting of garage, land, and house (not on agricultural land) including homestead and non-homestead property such as duplexes and triplexes.

sales comparison approach — One of three approaches to estimating value where appraisers compare a property with similar properties that have sold recently.

seasonal-residential recreational property — Properties defined by Minnesota statutes as Class 4c(5), consisting of cabins devoted to temporary and seasonal residential occupancy for recreation purposes, not used for commercial purposes.

tax base — The total of all property values in a given jurisdiction. In Minnesota, the tax base is the product of the estimated market value and the classification rate for each type of property; it is referred to as the "net tax capacity."

tax levy — The total amount of property tax a given jurisdiction needs to raise to finance its budgeted spending.

tax rate — The percentage applied to properties' tax capacity in a given jurisdiction to determine the amount of property taxes each property owner is to pay. The tax levy divided by the tax base produces the tax rate.

"This Old House" — Legislation adopted by the 1993 Legislature that exempts from taxation, for a ten-year period, all or a portion of the value of improvements made to homes that are

at least 35 years old. Many statutory conditions restrict eligibility for this exemption.