

CITY OF CROSSLAKE MINNESOTA
BOARD OF REVIEW
APRIL 18, 1990

The Board of Review for the City of Crosslake Minnesota met on Wednesday, April 18, 1990 in the Council Chambers of City Hall. The Board of Review Members consisted of Mayor Kurt E. Anderson, Councilmembers Lyle M. Arends and Charles O. Miller, City Clerk Arlene A. Buchite, Crow Wing County Assessor Martyn Schmidt and three staff members from the County Assessor's Office, Patricia DeChaine, Darrell Olson and Judy Bater.

Mayor Anderson called this Board of Review to order at 10:00 a.m. and stated that he would make a few comments and then turn the meeting over to Martyn Schmidt. Mr. Anderson stated he had a letters from Governor Perpich and Kris Hasskamp saying "Congratulations your taxes are going down." Mr. Anderson said that some property taxes did go down. Mr. Anderson said it is the County that is increasing the market valuation of Crosslake by \$20,000,000 and he would like to see what is happening to the rest of the cities. Mayor Anderson said residents should write to Kris Hasskamp.

Mr. Schmidt said this meeting was not for taxes payable in 1990 but for taxes payable in 1991. Mr. Schmidt said the system as we know it today is based on an avelorum tax system which means by the market. Mr. Schmidt said the avelorum tax system is a State Law and the market is established by the buying and selling of homes beyond the normal range; the assessors follow the market and increase or decrease the valuation accordingly. The State will accept a 10 percent differential in selling prices which means the property should sell within 90 percent to 110 percent of the market valuation. Mr. Schmidt said if there are too many sales go above the 110 percent figure the state can mandate an across the board increase which is what happened to lake lots in Crosslake a couple years ago. Mr. Schmidt said if sales show they are selling for less than 90 percent of the market valuation then there can be an across the board decrease in taxes. Mr. Schmidt said the real estate sales are what determine the market valuation. Other sales in an area can affect a persons valuation even if he has not recently bought or sold his home.

Mr. Schmidt said budgets also play an important part in the property taxes. If the City, County or School District budgets go up, taxes go up. Mr. Schmidt said the \$20,000,000.00 increase in market valuation is from the sales of property not necessarily from budgets.

Mayor Anderson said he does not know how one persons home can be compared with 20 other homes for assessed valuation without

gaining access to that home to physically see what kind of construction, windows, floors etc. are in that house. Ms. DeChaine said since she started working in Crosslake in 1986 she has viewed every one of the 4500 parcels of land and buildings within the City. Ms. DeChaine said the medium prices are what is used to determine market value because they take off the high sales and take off the low sales.

Ms. DeChaine said that prior to her doing the 1990 market evaluation she did a sales study. It showed the medium ratio was 89 percent which is not acceptable to the State. The ratios from the sales study showed the following: Island Lake was 94 percent; Little Pine Lake was 135 percent so no changes were made; Ox Lake was 108 percent so no changes were made; Rush Lake was 75 percent so 5 percent was added; Trout Lake was 85 percent so 25 percent was added; Whitefish Lake was 86 percent and 25 percent was added; and Crosslake was 82 percent so 15 percent was added. Ms. DeChaine said some of these increases were not enough according to recent sales.

A resident asked if evaluation is based on sale price which includes personal property such as carpet, appliances, etc. Ms. DeChaine said it is required to fill out a form to take the personal property off a sale price.

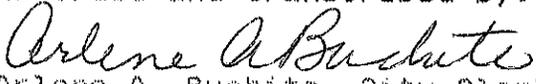
Buildings are done per square foot based upon current contractor costs. Rates vary according to location, quality of construction and condition of the building. Buildings are graded into two categories: S grade for seasonal which usually means no insulation, possibly no plumbing and usually stove heat and will range from a 3 to a 6 depending on the condition; D Grade is a residential home and ranges from a 3 to a 9 with 6 as an average drywall rambler house. Ms. DeChaine said a house can range from between \$10 to \$140 per square foot and a cabin can be from \$6 to \$36 per square foot. Fireplaces, extra bathrooms, walkout basements, decks, porches, sheds, garages, misc. buildings, guest cabins are all considered and shown on the cards and used to establish market evaluation.

At this point a separate table was set up by each of the three representatives from the assessors office. A complete list of names of persons who signed up to talk to the assessors as well as a copy of each of the letters is on file in the City Clerk's office. The tape recorded was also turned off during this time for approximately 4 hours.

MOTION NO. 4S1-01-90 WAS MADE BY COUNCILMEMBER MILLER AND SECONDED BY COUNCILMEMBER ARENDS TO SEND ALL THE LETTERS ADDRESSED TO THE BOARD OF REVIEW WITH MARTYN SCHMIDT, COUNTY ASSESSOR, FOR HIS OFFICE STAFF TO REVIEW AND RESPOND TO THE INDIVIDUALS. MOTION PASSED WITH MEMBERS ARENDS AND MILLER VOTING AYE.

MOTION 491-02-90 WAS MADE BY COUNCILMEMBER ARENDS AND SECONDED BY COUNCILMEMBER MILLER TO ADJOURN THIS SPECIAL BOARD OF REVIEW AT 2:40 P.M. MOTION PASSED WITH COUNCILMEMBERS ARENDS AND MILLER VOTING AYE.

Recorded and transcribed by:


Arlene A. Buchite, City Clerk/Treasurer