

Your Piece of the Pie

Property Valuation and Truth in Taxation Notices

It's that time of year again when property owners will be receiving their Property Valuation Notices. People often ask, "What is the relationship between the valuation notice I receive in the spring and the Truth in Taxation Notice that I receive in the fall?"

The **Property Valuation Notice** provides information regarding the market value and use classification of a property as of January 2 of the current year. Minnesota Statute requires assessors to value property at market value each year. The assessor determines this market value by utilizing sales of properties that have occurred in the market. After determining the current assessed values and use classifications, the assessor sends a **Property Valuation Notice** to property owners at the end of March. The notice includes information on the appeal process so the owner has the opportunity to appeal the value if they think the property has been overvalued.

When the assessment is complete, budgeting begins. Local taxing jurisdictions (like your city, county, school district, etc.) will use the assessed values of properties to determine the tax base for the following year. Then the city, county, school district, etc. each makes decisions about how much money to spend – developing a budget for the year ahead. These decisions determine the individual tax rate for each jurisdiction. That results in a proposed tax for each property, comprised by rates from each taxing jurisdiction.

A **Truth in Taxation Notice** is sent in mid-November to property owners to inform them of the proposed tax for their property in the following year. Each taxing jurisdiction holds a meeting at that time to allow property owners to share any concerns regarding the tax that will be assessed by a specific jurisdiction for the following year.

So what is the relationship? That takes a little explaining... let's try to make it as easy as pie.

Assume an apple pie represents the budget of all jurisdictions that impact your property (**Total Taxes Collected**). A slice of pie represents your portion (**Amount You Pay**)

The number of slices in the pie depends on the total number of properties.



If you have a higher valued property, you have a larger slice of pie and can expect to pay a higher portion of the overall tax.



The **Property Valuation Notice** helps you understand the size of your slice. The **Truth in Taxation Notice** explains how much that slice will cost (Amount You Pay) in relation to the whole pie. The pie sometimes grows larger if taxing jurisdictions (like the city, county, state, etc.) make a decision to collect more taxes. If your slice remains the same, you can expect to pay more. On the other hand, if the pie (Total Taxes Collected) remains the same and the size of your slice shrinks because new homes and businesses are added to the tax base, your taxes would decrease.

Make sense? If not, go ahead and toss that pie! Taxes can be frustrating. If you have any questions, please don't hesitate to call the Coon Rapids Assessing office at 763-767-6446.

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