

**Mortgage, deed tax and CRV questions
Moorhead Presentation
August 23, 2006**

Minnesota

What % of MRT goes where?

97% goes to the state general fund
3% goes to the county revenue fund.

What % of SDT goes where?

97% goes to the state general fund
3% goes to the county revenue fund.

What is the 'Conservation Fee' which is charged in the Metro area and do you anticipate it would come to out-state MN?

It is a fee of \$5 per transfer document that is used for Agricultural land preservation. There are 3 non metro counties which are enrolled in the Ag Preserve program. Enrollment depends upon the county developing a plan and submitting it to the Department of Agriculture.

Is there any suggestion that the MRT or SDT would be increased/decreased any time soon?

There were some adjustments to rates introduced in the last session but they were not enacted.

Are overages refunded?

Yes, if the person requesting the refund gives the county treasurer a written request.

Explain the CRV

-What is the CRV used for once it has arrived at the Courthouse?

The Certificate of Real Estate Value is the source document for the sales ratio study. The sales ratio study is a comparison of the assessor's value of a property with its selling price. All property is supposed to be valued at its selling price. The ratio study shows the level of assessment and uniformity of assessment in a taxing jurisdiction. If the level or uniformity is outside an acceptable range adjustments are made to all property in the class. In extreme cases a reassessment is ordered. The sales ratio study is also used to calculate adjusted net tax capacities which are used for state aid payments to school districts and local governments. The sales ratio study is also used by the Minnesota Tax Court.

-Who uses what info from the CRV?

The information on the CRV is used by the county assessor and the Department of Revenue to determine whether a sale should be considered an arms length open market transaction that is good for the sales ratio study.

The sales price is compared with the assessor's estimated and taxable market values, depending upon the study purpose.

The sale date determines in which ratio study the sale belongs.

The personal property data is needed to eliminate non realty items that are not assessable.

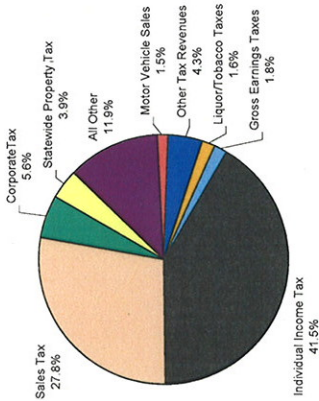
The financial terms are used to make cash equivalency adjustments to seller financed sales.

The type of acquisition section screens out obvious reject sales.

The type of property transferred and planned use of property questions shows which property type to place the study in.

2006-07 Biennium
Where the General Fund Dollars Come From
 February 2006 Forecast

2006-07 BIENNIUM
 \$32,798 Million

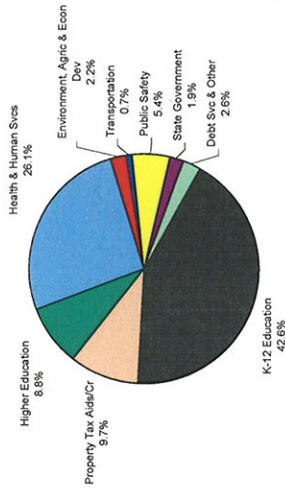


Balance Forward 6-30-05	\$1,393
Non-Dedicated Revenues	
Individual Income Tax	13,618
Sales Tax	9,114
Corporate Tax	1,842
Statewide Property Tax	1,294
Motor Vehicle Sales Tax	504
Gross Earnings Taxes	587
Liquor, Wine, Beer Taxes	140
Cigarette & Tobacco Taxes	382
Other Tax Revenues	1,414
All Other Revenues	1,556
Subtotal Non-Dedicated Revenues	30,451
Dedicated Revenue	118
Transfers From Other Funds	788
Prior Year Adjustments	50
SUBTOTAL CURRENT RESOURCES	31,404
TOTAL AVAILABLE RESOURCES, FY 2006-07	\$32,798
Less: Estimated Expenditures	
Cash Flow Account	31,389
Budget Reserve	350
Tax Relief Account	653
	317
Projected General Fund Balance 6-30-07	\$88

February 28, 2006
 Department of Finance

2006-07 Biennium
Where the General Fund Dollars Go
 February 2006 Forecast

2006-07 BIENNIUM
 \$31,389 Million Spending
 \$350 Million Cash Flow Account
 \$653 Million Budget Reserve
 \$317 Million Tax Relief Account



TOTAL AVAILABLE RESOURCES, FY 2006-07	\$32,798
Major Spending Items:	
K-12 Education	\$12,765
Property Tax Aides & Credits	689
Higher Education	3,794
Health & Human Services	2,784
Environment, Agric & Economic Dev	819
Transporation	654
Public Safety	286
State Government	1,690
Debt Service	1,610
Estimated Cancellations	757
	(23)
Subtotal-Major Spending Items	\$31,301
Dedicated Expenditures	88
TOTAL ESTIMATED EXPENDITURES, FY 2006-07	\$31,389
Cash Flow Account	350
Budget Reserve	653
Tax Relief Account	317
Projected General Fund Balance 6-30-07	\$88

February 28, 2006
 Department of Finance

Minnesota Office of the Revisor of Statutes

272.115 Certificate of value; filing.

Subdivision 1. Requirement. Except as otherwise provided in subdivision 3, whenever any real estate is sold for a consideration in excess of \$1,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.223, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The items and value of personal property transferred with the real property must be listed and deducted from the sale price. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate. Pursuant to the authority of the commissioner of revenue in section 270C.306, the certificate of value must include the Social Security number or the federal employer identification number of the grantors and grantees. The identification numbers of the grantors and grantees are private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or nonpublic data may be disclosed to the commissioner of revenue for purposes of tax administration. The information required to be shown on the certificate of value is limited to the information required as of the date of the acknowledgment on the deed or other document to be recorded.

Subd. 1a. Repealed, 1993 c 375 art 5 s 43

Subd. 2. Form; information required. The certificate of value shall require such facts and information as may be determined by the commissioner to be reasonably necessary in the administration of the state education aid formulas. The form of the certificate of value shall be prescribed by the Department of Revenue which shall provide an adequate supply of forms to each county auditor.

Subd. 3. Copies transmitted; homestead status. The county auditor shall transmit two true copies of the certificate of value to the assessor who shall insert the most recent market value and when available, the year of original construction of

each parcel of property on both copies and shall transmit one copy to the Department of Revenue. Upon the request of a city council located within the county, a copy of each certificate of value for property located in that city shall be made available to the governing body of the city. The assessor shall remove the homestead classification for the following assessment year from a property which is sold or transferred, unless the grantee or the person to whom the property is transferred completes a homestead application under section 273.124, subdivision 13, and qualifies for homestead status.

Subd. 4. Eligibility for homestead status. No real estate sold or transferred for which a certificate of real estate value is required under this section shall be classified as a homestead, unless a certificate of value has been filed with the county auditor in accordance with this section.

This subdivision shall apply to any real estate taxes that are payable the year or years following the sale or transfer of the property.

Subd. 5. Exemption for government bodies. A certificate of real estate value is not required when the real estate is being conveyed to the state of Minnesota, a political subdivision of the state, or any combination of them, for highway or roadway right-of-way purposes, provided that the agency or governmental unit has agreed to file a list of the real estate conveyed to the agency or governmental unit with the commissioner of revenue by June 1 of the year following the year of the conveyance.

HIST: 1977 c 423 art 4 s 2; 1978 c 567 s 1,2; 1979 c 334 art 1 s 25; 1983 c 342 art 2 s 4; 1985 c 14 art 4 s 34; 1986 c 444; 1987 c 288 art 6 s 8; art 7 s 26; 1988 c 719 art 5 s 6; 1989 c 1 art 9 s 18; 1992 c 511 art 2 s 10; 1993 c 375 art 5 s 5, 6; 1994 c 510 art 1 s 5; 1995 c 264 art 3 s 6; 1997 c 231 art 2 s 9; 1998 c 389 art 3 s 6,7; 2000 c 490 art 5 s 5; 2005 c 151 art 2 s 17

writing to the county attorney, or the attorney for the city or town, that the offer is accepted, the official notified may file the offer with proof of notice, and the court administrator shall enter judgment accordingly. Otherwise, the offer shall be deemed withdrawn and evidence thereof shall not be given; and, unless a lower valuation than specified in the offer is found by the court, no costs or disbursements shall be allowed to the petitioner, but the costs and disbursements of the state, county, city or town, including interest at six percent on the tax based on the amount of the offer from and after the 16th day of October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, class 2b(1) agricultural homestead property, and manufactured homes treated as personal property, the 16th day of November, of the year the taxes are payable, shall be taxed in its favor and included in the judgment and when collected shall be credited to the county revenue fund, unless the taxes were paid in full before the 16th day of October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property, and manufactured homes treated as personal property, the 16th day of November, of the year in which the taxes were payable, in which event interest shall not be taxable.

Subd. 6. Dismissal of petition; exclusion of certain evidence.

(a) Information, including income and expense figures, verified net rentable areas, and anticipated income and expenses, for income-producing property must be provided to the county assessor no later than 60 days after the applicable filing deadline contained in section 278.01, subdivision 1 or 4. Failure to provide the information required in this paragraph shall result in the dismissal of the petition, unless the evidence at the time that the information was due, or (2) the petitioner was not aware of or informed of the requirement to provide the information.

If the petitioner proves that the requirements under clause (2) are met, the petitioner has an additional 30 days to provide the information from the time the petitioner became aware of or was informed of the requirement to provide the information, otherwise the petition shall be dismissed.

(b) Provided that the information as contained in paragraph (a) is timely submitted to the county assessor, the county assessor shall furnish the petitioner at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. The petitioner shall furnish to the county assessor at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. An appraisal of the petitioner's property done by or for the county shall not be admissible as evidence if the county assessor does not comply with the provisions in this paragraph. The petition shall be dismissed if the petitioner does not comply with the provisions in this paragraph.

HIST: (2126-5) 1935 c 300 s 5; 1937 c 483 s 2; 1977 c 119 s 4; 1977 c 423 art 4 s 9; 1980 c 443 s 3; 1982 c 523 art 17 s 2; art 23 s 3; 1983 c 342 art 2 s 23; art 7 s 12; 1984 c 502 art 11 s 5; 1985 c 14 art 4 s 81; 1986 c 444; 1986 c 473 s 5,6; 1986 c 1 art 4 s 33,51; 1986 c 3 art 1 s 82; 1987 c 268 art 7 s 47; 1989 c 277 art 2 s 41,42; 1990 c 604 art 3 s 35; 1991 c 291 art 1 s 31; art 12 s 14; 1992 c 511 art 2 s 24; 1994 c 416 art 1 s 33; 1994 c 587 art 5 s 15; 2003 c 127 art 2 s 19

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certified adjusted net tax capacity established and filed with the commissioner for the immediately preceding year.

Subd. 9. Decrease in iron ore net tax capacity. If in any year the net tax capacity of iron ore property, as defined in section 273.13, subdivision 31, in any district is less than the net tax capacity of such property in the preceding year, the commissioner of revenue shall redetermine for all purposes the adjusted net tax capacity of the preceding year taking into account only the decrease in net tax capacity of iron ore property as defined in section 273.13, subdivision 31. If subdivision 7, clause (1), is applicable to the district, the decrease in iron ore property shall be applied to the adjusted net tax capacity as limited therein. In all other respects, the provisions of clause (1) shall apply.

Subd. 9. Captured tax capacity adjustment. In calculating adjusted net tax capacity, the commissioner of revenue shall increase the adjusted net tax capacity of a district containing a tax increment financing district for which an election is made under section 469.1782, subdivision 1, clause (1). The amount of the increase equals the captured net tax capacity of the tax increment financing district in the year preceding the first taxes payable year in which the special law permits collection beyond that permitted by the general law beginning for aid and levy for the first taxes payable year in which the special law permits collection of increment beyond that permitted by the general law duration limit that otherwise would apply. The addition continues to apply for each taxes payable year the district remains in effect.

Subd. 10. Adjusted net tax capacity; appeals. If a district, within 30 days after receipt of a copy of a report filed with the commissioner made pursuant to subdivisions 1 to 6 or 8, is of the opinion that the commissioner of revenue has made an error in the determination of the district's market value, it may appeal from the report or portion thereof relating to the district to the commissioner of revenue for a review and determination of the matters contained in the appeal. The commissioner of revenue shall advise the district of the determination within 30 days. If the district wishes to appeal the determination of the commissioner of revenue, it must file a notice of appeal with the Tax Court, as provided in subdivisions 11 to 16 within ten days of the notice of determination from the commissioner of revenue.

Subd. 11. Notice of appeal. The district must file with the court administrator of the Tax Court a notice of appeal from the determination of the commissioner of revenue fixing the market value of the district, and such notice must show the

basis of the alleged error. A copy of the notice of appeal must be served upon the commissioner of revenue, and proof of service must be filed with the court administrator.

Subd. 12. Hearing. Upon receipt of the notice of appeal the Tax Court must review the notice of appeal and determine whether it appears from the allegations and proofs therein contained that an error has been made in the determination by the commissioner of revenue of the market value of the property in the school district. If the court finds it probable that such an error has been made, it must notice the matter for hearing; otherwise, it must dismiss the appeal and notify the parties thereof. Hearings must be set and held in the same manner as other hearings of the Tax Court are set and heard, except that an appeal filed under subdivision 10 must take precedence over other appeals pending before the court. The attorney general shall represent the commissioner of revenue. The Administrative Procedure Act, sections 14.09 to 14.23, 14.35, 14.44 to 14.45, and 14.57 to 14.59, shall apply to hearings insofar as it is applicable.

Subd. 13. Tax Court determination. The Tax Court shall hear, consider, and determine such appeal, de novo upon the issues made by the notice of appeal, if a hearing has been granted thereon. At the conclusion of the hearing, the court must: (1) file findings of fact, or (2) refer the issues to the commissioner of revenue with instructions and recommendations for a determination and correction of the market value of the appealing district. The decision of the Tax Court, if it decides the matter de novo, shall have the same force and effect as a determination by the commissioner of revenue in the first instance under this section, and the commissioner of revenue must be notified thereof. If the matter is referred to the commissioner of revenue, a redetermination by the commissioner of revenue in accordance with the recommendations of the Tax Court must likewise have the same force and effect as a determination by it in the first instance under this section.

Subd. 14. Hearing examiner. In addition to the powers and duties of the Tax Court as prescribed by chapter 271, any hearing ordered pursuant to this section may be heard by a hearing examiner in lieu of one or more judges of the Tax Court. If a hearing is conducted by a hearing examiner, such hearing examiner shall exercise the same powers conferred by law upon one or more judges of the Tax Court. The hearing examiner shall report to the court. The court is authorized to make findings of fact based on the report of the hearing examiner in the same manner as is required by these provisions when the hearing is conducted by the court. The Tax Court may employ hearing examiners upon such terms and conditions as it shall prescribe. A hearing examiner so appointed shall be in the unclassified service of the state.

Subd. 15. Limitation of appeals. A decision of the Tax Court pursuant to the terms hereof shall be final and shall not be subject to review by any court, except upon certiorari to the Supreme Court.

Examples of CRV Deductions for Personal Property

Allowed

Above ground pool
Boats and docks
Crops
Display cases
Drapes
Free standing appliances
Fireplace equipment
Farm machinery
Furniture
Fuel tanks
Garden equipment
Portable dehumidifiers
Portable humidifiers
Swing set
Signs for commercial enterprises
Shelves
Satellite Dishes
Trash compactor
Throw or area rugs
Television
Window air conditioner

Not Allowed

Awnings
Attached grill or barbecue
Attic fans - air cleaners
Built-in appliances
Built-in vacuum cleaners
Central air conditioner
Garbage disposal
Gates and fences
Garage door openers
Installed carpeting (indoor-outdoor)
Light fixtures
Music/intercom system
Solar panel
Smoke or security detectors
Screen or storm windows or doors
Sun deck or porch
Sheds or storage buildings
Water Softener