

Wilkin County
Abatement Policy

Policy Statement

The Wilkin County Board of Commissioners and those to whom the Board has delegated authority, consider and grant abatement of property values, taxes, penalty, interest and costs consistent with the Minnesota Statutes. Abatements are for correction of errors in valuation and classification. Abatements are only considered and may be granted as they relate to taxes payable in the current year and the two prior years for documented cases of hardship or clerical errors. Abatement standards defined in this policy are consistently applied and all taxpayers are treated equitably.

Definitions

Abatement: Reduction in valuation, correction in classification, taxes and/or diminution of penalty, interest and cost on taxes not paid by the due date.

Assessment Date: Statutory date on which the County Assessor determines market value and classification.

Classification Error: An error in application of statutory description for calculation of values according to type and actual use of property.

Clerical Error: The determination of whether a clerical error exists is to be made by the County Assessor on a case-by-case basis. A data error is not solely a clerical error. A clerical error does not involve judgment, but it may involve the failure of a governmental entity to perform a ministerial act relating to the assessment of property. Examples of clerical errors include, but are not limited to, data entry errors, transcription errors, computer system errors by the county or by county business partners, and significant arithmetic errors.

Current Tax Year: Year in which property taxes are payable.

Disaster Abatement: As referred to in Minnesota Statute section 273.1233, a reduction of taxes on property that has been accidentally or unintentionally damaged due to a disaster that renders property uninhabitable or unusable, and the damage is at least fifty percent of the structure value.

Hardship: Hardship, as referred to in Minnesota Statute section 375.192, is defined as follows: Documented tragedy or casualty suffered by the property owner such as, a death in the family, extreme or extended illness, taxpayer's full-time military service outside the state, accident, fire, or other emergency circumstances that prevent timely application by the property owner. Being out of state, not being aware there was an issue or concern, or personal financial issues are not considered a hardship under this policy.

Market Value: Market Value is the estimated amount property would sell for if it were to be sold in an arm's length transaction as determined by the County Assessor.

Penalty/Interest/Cost: The dollar amount specified by Minnesota law that is over and above the originally calculated tax, paid by a taxpayer for which abatement is sought. Current year applications are accepted for penalty only. Prior year applications are accepted for penalty, interest and cost.

General

Market value and property classification are determined as of the assessment date (January 2nd).

Per Minn. Stat §375.192:

- Upon written application by the owner of any property, the County Board of Commissioners may grant a reduction or abatement of estimated market valuation or taxes, and costs, penalties or interest on them as the board deems just and equitable.
- All applications must be approved by the County Assessor and by the County Auditor before consideration by the County Board, except that the part of the application which is for the abatement of penalty or interest must be approved by the County Treasurer/Auditor.
- On any reduction or abatement when the reduction of taxes, costs, penalties, and interest exceed \$10,000, the County Board shall give notice within twenty (20) days to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction.

The definitions of hardship and clerical error as stated in this policy are applied by the County Assessor and County Auditor in considering whether abatements are approved.

Special Assessments. The County Board or the County Auditor do not reduce, abate or refund any special assessment made or levied by any municipal for local improvement unless the municipality also approves such reduction, abatement or refund.

Tax Payments. Failure to receive a tax statement, inadvertently omit a parcel when making payment, or forgetting to pay on time does not constitute a basis for abatement of penalty, interest or cost.

Acreage. No abatement will be given on corrections of acreage if there is no survey on record with the Records Office.

Application for Homestead or Exemption. Failure to submit the necessary application on a timely basis to the County Assessor Office does not constitute a basis for abatement of penalty, interest or cost. Homestead or exemption abatements are based upon ownership, qualifying use and occupancy within statute-specific dates.

Application for Abatement. Applicants for abatement are encouraged to pay the full amount of the tax and any penalty, interest, or cost while the abatement application is pending. If the abatement is denied, the applicant will be responsible for any unpaid tax along with any penalty, interest, or cost that have accrued. An abatement will not be considered if social security number(s) of the applicant(s) is not provided.

Assessed Value. Abatements will not be granted if there is a question of judgment of the estimated market value or classification. Abatements will not be granted solely due to a selling price being lower than the assessed value. The normal appeal process of Local Board of Appeal & Equalization and the County Board of Appeal & Equalization must be used by the taxpayer for any appeals other than clerical errors.

Fee. Wilkin County does not charge a fee for making application for abatement.

Conflicts of Interest. Members of the County Board shall disclose any financial interest in abatement or any familial relationship with an abatement applicant, and shall abstain from voting on the application of any such abatement presented to the County Board for approval. Such disclosure will be documented in the County Board Minutes.

Non-Primary Structures. Abatements will not be given to non-primary structures (sheds, non-attached garages, barns, etc.) damaged or destroyed. The status of the property on January 2 will remain until January 2 of the following year.

Refund. Approved abatements are refunded to whoever paid the taxes. However, if it was paid by an escrow company, then it will be refunded back to the company of record. If it was paid by multiple owners, it will be split between the taxpayers.

Restrictions. No abatement will be considered if a petition has been filed with tax court and the outcome is still pending. No abatement will be considered if a confession of judgment has been signed by taxpayer/applicant. No abatement will be considered if a social security number of the applicant is not provided. Abatements may only be submitted once per calendar year on a specific parcel.

Local Option Disaster Abatement – Non-Declared Disaster Area

The “Local Option Disaster Abatement” may be considered for all property that has been unintentionally or accidentally destroyed.

On a written application submitted by the owner, a reduction in value for the current assessment year (for taxes payable the following year) may be considered provided that the primary structure is at least 50% destroyed. The value adjustment made as a result of the disaster will be divided by the number of months the primary structure was usable versus not being usable. (If the primary structure is used for any portion of a month, it will be considered as usable for the entire month.)

Example:

An event occurred June 30, 2015:

Assessment Year 2014/Payable Year 2015 – An abatement will not be considered in a non-declared disaster area, because, as of the assessment date, the pre-event value did exist. (Note: The value and classification that generates the payable 2015 tax is based on the classification and value as of January 2, 2014.)

Assessment Year 2015/Payable Year 2016 – An abatement may be considered in a non-declared disaster area because the event occurred after the assessment date for taxes payable in 2016. Therefore, to grant the property owner(s) relief for an event occurring after the most recent assessment date, an abatement may be considered. (Note: The value and classification that generates the payable 2016 tax is based on the classification and value as of January 2, 2015.)

Assessment Year 2016/Payable Year 2017 – An Abatement no longer needs to be considered in a non-declared disaster area because for taxes payable in 2017, the tax is based on the value and classification of the property as of January 2, 2016, which is after the date of the event and, therefore, will reflect the post event value.

Special Note: Consideration of an abatement in the year of the event is not necessary because depending upon when the structure is replaced, an additional year of relief is automatically granted on the back-end of the taxation process. For example, a structure is replaced after January 2, 2016, which is the assessment date for taxes payable in 2017. Since the structure is replaced after the assessment date, the value of that structure will not be taxed until 2018, granting an additional year of relief.

Local Option Disaster Abatement – Declared Disaster Area

The “Local Option Disaster Abatement” may be considered for all property that has been unintentionally or accidentally destroyed.

On a written application submitted by the owner, a reduction in value for the taxes payable in the year in which the event occurs may be considered provided that the primary structure is at least 50% destroyed. The abatement, if granted, is equal to the difference in the net tax on the property computed using the market value of the property established for the January 2 assessment of the year of the event and as computed using the (post event) reassessed value.

Example:

An event occurred June 30, 2015:

Assessment Year 2014/Payable Year 2015 – A declared disaster area abatement may be considered because state reimbursements are possible in a declared disaster area.

Assessment Year 2015/Payable Year 2016 – If an abatement is granted in a declared disaster for Assessment Year 2014/Payable Year 2015, a local option/homestead disaster credit will or may be granted as authorized under the provision of Minnesota Statute 273.1234 and Minnesota Statute 273.1235.

Assessment Year 2016/Payable Year 2017 – A declared disaster area abatement or credit no longer needs to be considered because for taxes payable in 2017, the tax is based on the value and classification of the property as of January 2, 2016, which is after the date of the event and, therefore, will reflect the post event value.

Special Note: Local option disaster abatements and local option/homestead disaster credits will be authorized and implemented only by County Board Resolution.

Approval Authority

County Board has final review of the abatement. If the County Board denies the abatement, it is rejected and there is no further means of abatement appeal.

This policy is intended to ensure the fair, evenhanded treatment of all Wilkin County property owners. However, it does not limit the discretion of the County Board to consider individual requests.

Adopted by: Wilkin County Board of Commissioners

Date of adoption: