

6122.0300 METHOD OF DETERMINING A LOT'S APPRAISED VALUE.

Subpart 1. **Estimated market value.** As the basis for a lease fee the commissioner shall determine an estimate of market value of the fee simple estate, subject to encumbrances of record, for each leased lot. Market value estimates will not include improvements on the leased lot, but will include improvements to a leased lot.

Subp. 2. **Appraiser and reviewer appraisers standards.** All appraisals and appraisal reviews of leased lots shall be conducted by appraisers licensed under Minnesota Statutes, chapter 82B, or successor statutes. An appraiser must have obtained at least a classification 2 appraisal license. A review appraiser must have obtained at least a classification 3 appraisal license. Appraisers and review appraisers shall follow the standards contained in the most current edition of the Uniform Standards when performing appraisals and appraisal reviews of leased lots.

Subp. 3. **Frequency of adjustments; phase-in of increased fees.** The lease fees shall be based on the appraised value of leased land as determined by the commissioner, and shall be adjusted by the commissioner at the fifth, tenth, and 15th anniversary of the lease if the appraised value has increased or decreased.

The lease fees established by parts 6122.0100 to 6122.0400 shall be effective for lease periods after November 25, 1996. Any increased fee shall be phased in by three equal annual increments as provided by Minnesota Statutes, section 92.46, subdivision 3.

Subp. 4. **Adjustment of appraised value of leased lots.** Without reappraisal, the commissioner may determine a subject lot's appraised value by adjusting the last appraised value of the subject lot for time. This adjustment shall be:

A. based upon the Minnesota Department of Revenue annual assessment data for property of the same highest and best use within the same or adjacent county as the subject lot; and

B. made in an amount equal to the percentage change in market value between the dates of the last appraisal or adjustment and the current adjustment, based on the most recent Minnesota Department of Revenue annual assessment data available.

Subp. 5. **Appraisal of leased lots.** The commissioner shall determine when the appraised value of the leased lots shall be based on new appraisals. The commissioner's decision to appraise will depend on staffing, the degree of fluctuation in real estate values in certain areas of the state, and fiscal constraints.

Subp. 6. **Method of appraisal.** The commissioner shall determine the appropriate method to use to appraise the leased lots.

Subp. 7. **Mass appraisal of leased lots.** The commissioner shall use mass appraisal of leased lots rather than individual leased lot appraisals, whenever practicable. Mass

appraisals will be developed and reported by an appraiser in compliance with the Uniform Standards.

Subp. 8. **Single leased lot appraisal.** Any leased lot may be appraised individually when the commissioner has sufficient reason to believe the expense of single leased lot appraisals are warranted, or the mass appraisal method is not applicable. All single leased lot appraisals shall be developed and reported by an appraiser in compliance with the Uniform Standards.

Subp. 9. **Lots previously appraised.** The commissioner may rely on the appraised value of leased lots appraised pursuant to Minnesota Statutes, section 92.67, for the lakeshore sales program, during the years 1988 through 1993. Whenever feasible, the commissioner may assign the appraised value of a sale lot to similar leased lots located in the same plat, or on the same lake as the sale lot.

Subp. 10. **Minimum appraised value.** The minimum appraised value of leased lots must be substantially equal to the county assessor's estimated market value of similar land adjusted by the assessment/sales ratio as determined by the Minnesota Department of Revenue.

Statutory Authority: *MS s 92.46*

History: *21 SR 715*

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