

**CHAPTER 8100**  
**DEPARTMENT OF REVENUE**  
**PROPERTY EQUALIZATION**  
**AD VALOREM TAXES; UTILITIES**

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**8100.0100 DEFINITIONS.**

Subpart 1. **Scope.** As used in this chapter, the following words, terms, and phrases shall have the meanings given to them by this part, except where the context clearly indicates a different meaning.

Subp. 2. **Allocation.** "Allocation" means the process of dividing the unit value of a utility company among the states in which the utility operates.

Subp. 3. **Apportionment.** "Apportionment" means the process of distributing that portion of the utility company's unit value which has been allocated to Minnesota to the various taxing districts in which the utility company operates.

Subp. 4. **Book depreciation.** "Book depreciation" means the depreciation shown by a utility company on its corporate books, and allowed the company by various regulatory agencies.

Subp. 5. **Capitalization rate.** "Capitalization rate" means the relationship of income to capital investment or value, expressed as a percentage.

Subp. 5a. **Earnings growth rate.** "Earnings growth rate" means the average increase or decrease in the five-year moving average earnings per share, expressed as a percentage, as computed in the annual capitalization rate study. The rate will be adjusted to normalize income to one year in the future.

Subp. 6. **Electric company.** "Electric company" means any company engaged in the generation, transmission, or distribution of electric power, excluding cooperatives and municipal corporations.

Subp. 7. **Gas distribution company.** "Gas distribution company" means any company engaged in the distribution of natural or synthetic gas, excluding the cooperatives and municipal corporations.

Subp. 8. MR 1989 [Repealed, 14 SR 1806]

Subp. 8. **Integrated company.** "Integrated company" means any company engaged in two or more utility operations within Minnesota, such as electric distribution and gas distribution, within the framework of one corporate structure.

Subp. 9. MR 1989 [Renumbered 8100.0100, subpart 8]

Subp. 9. **Net operating earnings.** "Net operating earnings" means earnings from the system plant of the utility after the deduction of operating expenses, depreciation, and taxes, but before any deduction for interest.

Subp. 10. MR 1989 [Repealed, 14 SR 1806]

Subp. 10. **Non-formula-assessed property.** "Non-formula-assessed property" means property of a utility which is valued by the local or county assessor rather than by the commissioner of revenue.

Subp. 11. MR 1989 [Renumbered 8100.0100, subpart 9]

Subp. 11. **Operating property.** "Operating property" means any property, owned or leased, except land that is directly associated with the generation, transmission, or distribution of electricity, natural gas, gasoline, petroleum products, or crude oil.

Examples of operating property include, but are not limited to, substations, transmission and distribution lines, generating plants, and pipelines. Land, garages, warehouses, office buildings, pole yards, radio communication towers, and parking lots are examples of nonoperating property.

Subp. 12. MR 1989 [Renumbered 8100.0100, subpart 10]

Subp. 12. **Pipeline company.** "Pipeline company" means any company engaged in the transmission of natural gas, gasoline, petroleum products, or crude oil via a fixed line of pipes.

Subp. 13. MR 1989 [Renumbered 8100.0100, subpart 11]

Subp. 13. **Qualifying construction work in progress.** "Qualifying construction work in progress" means the cost of materials and associated charges which are not yet placed in a permanent site.

Subp. 14. MR 1989 [Renumbered 8100.0100, subpart 12]

Subp. 14. **System plant.** "System plant" means the total tangible property, real and personal, of a company which is used in its utility operations in all states in which it operates.

Subp. 14a. MR 1989 [Renumbered 8100.0100, subpart 13]

Subp. 15. MR 1989 [Renumbered 8100.0100, subpart 14]

Subp. 15. **Throughput.** "Throughput" means the amount of product measured in barrels, gallons, or cubic feet which passes through a pipeline.

Subp. 16. MR 1989 [Renumbered 8100.0100, subpart 15]

Subp. 16. **Unit value.** "Unit value" means the value of the system plant of a utility company taken as a whole without any regard to the value of its component parts.

Subp. 17. MR 1989 [Renumbered 8100.0100, subpart 16]

Subp. 17. [Repealed, 21 SR 749]

Subp. 18. MR 1989 [Renumbered 8100.0100, subpart 17]

**Statutory Authority:** *MS s 270.06*

**History:** *14 SR 1806; 21 SR 749*

### 8100.0200 INTRODUCTION.

The commissioner of revenue will estimate the valuation of the entire system of a utility company operating within the state. The entire system will be valued as a unit instead of valuing the component parts, utilizing data relating to the cost of the property and the earnings of the company owning or operating the property. The resulting valuation will be allocated or assigned to each state in which the utility company operates. Finally, by the process of apportionment, the portion allocated to Minnesota will be distributed to the various taxing districts within the state. Most of the data used in the valuation, allocation, and apportionment process will be drawn from reports submitted to the Department of Revenue by the utility companies. These reports will include Minnesota Department of Revenue Annual Utility Reports (UTL forms), Reports to the Minnesota Public Utilities Commission, Annual Reports to Shareholders, Annual Reports to the Federal Energy Regulatory Commission and Annual Reports to the Interstate Commerce Commission. Periodic examinations of the supporting data for these reports will be made by the Department of Revenue.

The methods, procedures, indicators of value, capitalization rates, weighting percents, allocation factors, and equalization will be used as described in parts 8100.0300 to 8100.0700 for 1997 and subsequent years.

As in all property valuations, the commissioner of revenue reserves the right to exercise his or her judgment whenever the circumstances of a valuation estimate dictate the need for it.

**Statutory Authority:** *MS s 270.06*

**History:** *11 SR 635; 12 SR 58; 13 SR 394; 14 SR 1806; 15 SR 2190; 21 SR 749*

**8100.0300 VALUATION.**

Subpart 1. **General.** Because of the unique character of public utility companies, such as being subject to stringent government regulations over operations and earnings, the traditional approaches to valuation estimates of property (cost, capitalized income, and market) must be modified when utility property is valued. Consequently, for the 1997 and subsequent assessment years, the value of utility company property will be estimated in the manner provided in this chapter.

Subp. 2. **Market approach.** Market value implies a price for which an entire public utility enterprise might reasonably change hands between willing and informed buyers and sellers. The term presupposes a market of normal activity, no urgency to buy or sell on the part of either the buyer or seller, and continued operation of the utility as a single entity. Public utility property is seldom transferred as a whole unit under these circumstances. Consequently, after consideration of this approach, it has been decided that valuation of utility properties by this approach is speculative and unreliable and will not be employed as a method of valuation for utility property at this time.

Subp. 3. **Cost approach.** The cost factor to be considered in the utility valuation formula is the original cost less depreciation of the system plant, plus improvements to the system plant, plus the original cost of construction work in progress on the assessment date. The original cost of any leased operating property used by the utility must be reported to the commissioner in conjunction with the annual utility report. If the original cost of the leased operating property is not available, the commissioner shall make an estimate of the cost by capitalizing the lease payments. Depreciation will not be allowed on construction work in progress. Depreciation will be allowed as a deduction from cost in the amount allowed on the accounting records of the utility company, as such records are required to be maintained by the appropriate regulatory agency, except that depreciation may be reduced if available information indicates the amount deducted does not equal actual accrued depreciation when the current estimated remaining life is considered.

Depreciation, however, shall not exceed the prescribed percentage of cost: for electric companies, 20 percent; for gas distribution companies, 50 percent; and for pipeline companies, 50 percent. If the amount of depreciation shown on the company's books exceeds these percentages, the company may deduct 50 percent of the excess.

The cost indicator of value computed in accordance with this subpart will be weighted for each type of utility company as follows: electric companies, 75 percent; gas distribution companies, 75 percent; and pipeline companies, 75 percent.

The following example illustrates how the cost indicator of value would be computed for an electric company:

1.	Utility Plant	\$ 200,000,000
2.	Construction Work in Progress	\$ 5,500,000
3.	Total Plant	\$ 205,500,000
4.	Nondepreciable Plant (Land, Intangibles, C.W.I.P.)	\$ 17,500,000
5.	Depreciable Plant	\$ 188,000,000
6.	Book Depreciation	\$ 40,000,000
7.	Maximum Depreciation (20%)	\$ 37,600,000
8.	50% Excess Depreciation Allowance	\$ 1,200,000
9.	Total Allowable Depreciation	\$ 38,800,000
10.	Total Cost Indicator of Value	\$ 166,700,000

Subp. 4. **Income approach.** The income indicator of value will be estimated by weighting the capitalized net operating earnings of the utility company, adjusted for the earnings growth rate, for the most recent three years as follows: most recent year, 40 percent; previous year, 35 percent; and final year, 25 percent. The earnings growth rate adjustment is performed by adding the earnings growth rate, expressed in decimal

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form, to one, squaring the sum of the two numbers, and multiplying the result by the net operating income figure. The net income, adjusted for the earnings growth rate, will be capitalized by applying to it a capitalization rate which will be computed by using the band of investment method. This method will consider:

- A. the capital structure of utilities;
- B. the cost of debt or interest rate;
- C. the yield on preferred stock of utilities; and
- D. the yield on common stock of utilities.

Rates will be computed for electric companies, gas distribution companies, and pipeline companies. The rates will be recalculated each year using the method described in this subpart.

The income indicator of value computed in accordance with this subpart will be weighted for each class of utility company as follows: electric companies, 25 percent; gas distribution companies, 25 percent; and pipeline companies, 25 percent.

The following example illustrates how the income indicator of value would be computed for a gas distribution company:

	1993	1994	1995
1. Net Operating Income	\$ 500,995	\$ 420,850	\$ 510,990
2. Earnings Growth Rate	0.32%	0.32%	0.32%
3. Adjusted Earnings (Line 1 times 1 plus Line 2 squared)	504,206	423,548	514,266
4. Weighting Factor	25%	35%	40%
5. Weighted Income to be Capitalized	126,052	148,242	205,706
6. Capitalized Income at 10.00%	1,260,520	1,482,420	2,057,060
7. Total Income Indicator of Value			\$4,800,000

Subp. 5. **Unit value computation.** The unit value of the utility company will be the total of the weighted indicators of value.

The following is an example of the computation of the unit value for a gas distribution company:

- 1. Cost Indicator of Value:  
 $\$5,000,000 \times 75\% = \$3,750,000$
- 2. Income Indicator of Value:  
 $\$4,800,000 \times 25\% = \$1,200,000$
- 3. Unit Value of Gas Distribution Company:  
 $100\% \$4,950,000$

Subp. 6. **Valuation of utility property of cooperatives and other noncommon carrier or nonregulated utilities.** Cooperative associations and other types of utilities which do not operate in the traditional profit-making mode, are not common carriers, or are nonregulated, will have their utility property valued on the basis of historical cost only. Depreciation will be allowed as a deduction from the historical cost in increments of 2-1/2 percent per year, but the maximum depreciation allowed shall not exceed 25 percent of the cost of the utility operating property. Additions to existing utility property will be depreciated 2-1/2 percent per year until they reach the 25 percent maximum. Retirements of utility property will be deducted from the cost basis at the appropriate depreciation level of the retired property.

The following example illustrates this process for an electric cooperative association:

1.	Cost of Substation	\$1,000,000
2.	Value 1st year @ 97.5%	975,000
3.	Value 2nd year @ 95%	950,000
4.	Value 3rd year @ 92.5%	925,000
5.	Value 4th year @ 90%	900,000
6.	Value 5th year @ 87.5%	875,000
7.	Value 6th year @ 85%	850,000
8.	Value 7th year @ 82.5%	825,000
9.	Value 8th year @ 80%	800,000
10.	Value 9th year @ 77.5%	775,000
11.	Value 10th year @ 75%	750,000
12.	Value 11th and succeeding years at 75%	750,000

Subp. 7. [Repealed, 21 SR 749]

Subp. 8. **Retirements.** Utility operating property may be retired from the utility system while still in place if certain criteria are met:

A. The property must be physically disconnected from the utility system. In the case of electrical plants, the disconnection or dismantling of wires, cables, connectors, or transformers would constitute physical disconnection. In the case of pipelines, the disconnection of pipes, valves, or fittings would be evidence of physical disconnection.

B. An affidavit of retirement should be filed by the utility with the commissioner at least 30 days prior to the assessment date. This affidavit shall indicate the facility being retired and the date it was taken out of service.

The utility should make every effort to inform the commissioner of pending major retirements. The commissioner in turn shall notify the county assessor of impending major retirements as soon as this information becomes available to the department.

Utility property which is retired in place shall continue to be taxed for ad valorem purposes. However, its market value shall not be determined on the basis of its value as utility operating property.

If a utility should choose to temporarily retire a facility pending the development of an alternate fuel, greater demand, increased source of supply, or another valid reason, the cost of this facility must be transferred to the appropriate regulatory agency's account entitled "Held for Future Use." Standby facilities will not be considered to be temporarily retired unless their costs are carried in this account. Temporarily retired utility facilities will be valued taking into account a number of factors including age of the facility, type of facility, amount of maintenance and additional costs needed to restore the facility to operational status, length of retirement, and earning potential of the facility. In no instance shall a temporarily retired facility be valued lower than if the facility were considered nonoperating utility property.

**Statutory Authority:** *MS s 270.06; 270.11; 273.33; 273.37; 273.38*

**History:** *7 SR 1797; 8 SR 2723; 10 SR 18; 11 SR 635; 12 SR 58; 13 SR 394; 14 SR 1806; 15 SR 2190; 21 SR 749*

#### **8100.0400 ALLOCATION.**

Subpart 1. **General.** After the unit value of the utility property has been estimated, the portion of value which is attributable to Minnesota must be determined. This process of dividing the unit value of a utility company among the states in which the utility operates is called allocation. Each of the factors in the allocation formula is assigned a weighted percentage to denote the relative importance assigned to that factor. The resulting sum of the weighted factors multiplied by the unit value yields the

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valuation of the utility property which will, after the adjustments described in part 8100.0500, be subject to ad valorem tax in the state of Minnesota.

The factors to be considered in making allocations of unit value to Minnesota for the utility companies and the weight assigned to each factor for each class are specified in this rule.

Subp. 2. **Electric companies.** The original cost of the utility property located in Minnesota divided by the total original cost of the property in all states of operation is weighted at 90 percent. Gross revenue derived from operations in Minnesota divided by gross operations revenue from all states is weighted at ten percent.

The following example illustrates this formula, assuming a unit value of \$20,000,000.

1.	Minnesota Plant Cost	\$115,000,000			
			x .90 =		50.49%
2.	System Plant Cost	\$205,000,000			
3.	Minnesota Gross Revenue	40,000,000			
			x .10 =		3.8%
4.	System Gross Revenue	\$105,000,000			
5.	Total Percentage Allocable to Minnesota				54.29%
6.	Unit Value of System Plant				\$20,000,000
7.	Amount of Value Allocable to Minnesota				\$10,858,000

Subp. 3. **Gas distribution companies.** The allocation of value of gas distribution companies shall be made considering the same factors as are used to determine the allocation of value of electric companies. The weight given to the original cost factor will be 75 percent, and gross revenue shall be weighted 25 percent.

Subp. 4. **Pipeline companies.** The allocation of pipeline companies shall be the original cost of the utility property located in Minnesota divided by the total original cost of the property in all states of operation weighted at 75 percent. Additionally, throughput of product from operations in Minnesota divided by throughput of product from operations in all states is weighted at 25 percent.

The following example illustrates the allocation of value of property of a pipeline company and the weights given to each factor:

1.	Minnesota Plant Cost	\$13,500,000			
			x .75 =		25.76%
2.	System Plant Cost	\$39,300,000			
3.	Minnesota Throughput (Mcf or Barrel miles)	8,940,000			
			x .25 =		8.01%
4.	System Throughput (Mcf or Barrel miles)	27,900,000			
5.	Total Percentage Allocable to Minnesota				33.76%

**Statutory Authority:** *MS s 270.06*

**History:** *14 SR 1806; 21 SR 749*

**8100.0500 ADJUSTMENTS FOR NON-FORMULA-ASSESSED OR EXEMPT PROPERTY.**

Subpart 1. **Deduction for exempt or non-formula-assessed property.** After the Minnesota portion of the unit value of the utility company is determined, any property

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which is non-formula-assessed or which is exempt from ad valorem tax, will be deducted from the Minnesota portion of the unit value. Only that qualifying property located within the state of Minnesota may be excluded.

**Subp. 2. Valuation formula not applicable to certain utility property.** The following properties will be valued by the local or county assessor and, therefore, the formula provided herein for the valuation of utility property will not be applicable for such property:

- A. land;
- B. nonoperating property; and
- C. rights-of-way.

**Subp. 3. Deduction for cost of land and rights of way; application to nonoperating property.** The Minnesota portion of the unit value will be reduced by the original cost of land and rights-of-way. In the case of nonoperating property, the deduction shall be original cost, less the rate of depreciation applicable in the valuation process pursuant to part 8100.0300.

**Subp. 4. Deduction for exempt property.** A deduction from the Minnesota portion of the unit value shall also be made for property, real or personal, which is exempt from ad valorem tax. For instance, pollution control equipment for which an exemption has been granted is exempt. The original cost of qualifying construction work in progress shall be excluded from the Minnesota portion of the unit value. A deduction from the Minnesota portion of the unit value shall be made at original cost, less the applicable rate of depreciation used in the valuation process under part 8100.0300. The value of personal property, such as office machinery and vehicles, which is not taxed, shall also be excluded from the Minnesota portion of the unit value. The deduction shall be at original cost less the applicable rate of depreciation utilized in the valuation process.

The following example illustrates how these items are deducted from the Minnesota portion of the unit value.

1.	Minnesota Portion of Unit Value		\$5,000,000
2.	Excludable Items - Nondepreciable		
	a. Land Assessed Locally		3,000
	b. Land Rights		2,000
	c. Qualifying construction work in progress		5,000
3.	Excludable Items - Depreciable		
	a. General Plant Items	\$10,000	
	b. Pollution Control Equipment	10,000	
	c. Gross Depreciable Items	20,000	
	d. Depreciated at 25 percent	5,000	
	e. Net Depreciable Excludable Items		15,000
4.	Total Excludable Items		25,000
5.	Minnesota Apportionable Value		\$ 4,975,000

**Subp. 5. Burden of proof and responsibility of utility company.** The utility company shall have the burden of proof to establish that the value of any property should be excluded from the Minnesota portion of the unit value. Accordingly, the utility company shall have the responsibility to submit, in the form required by the commissioner of revenue, such schedules of exempt or non-formula-assessed property as the commissioner may require.

**Statutory Authority:** *MS s 270.06*

**History:** *14 SR 1806; 17 SR 1279*

**8100.0600 APPORTIONMENT.**

Subpart 1. **Apportionment to taxing district.** After the unit valuation of the utility company has been allocated to the state of Minnesota and has been adjusted under part 8100.0500, the determined amount shall be apportioned or distributed to the taxing districts in Minnesota in which the company operates. This apportionment will be made by the commissioner of revenue on the basis of information submitted by the utility companies in annual reports filed with the commissioner.

Subp. 2. **Required information.** The following information must be submitted for each taxing district:

A. the original cost of the company's operating property by classification, including the cost of leased taxable property;

B. the original cost of any new additions since the last assessment, including work in progress on the assessment date; and

C. the original cost of any retirements made after the last assessment.

Subp. 3. **Required information when new taxing district established.** Whenever a new taxing district is established, the information submitted by the utility companies for the taxing district must be submitted in the same form as enumerated in subpart 2, items A to C. If the utility, because of administrative difficulty, is forced to make estimates of values and costs for property within new taxing districts, these estimates must be approved by the commissioner.

Subp. 4. **Market value of the operating utility property.** The total market value of each company's operating utility property in Minnesota shall be:

The current original cost in each taxing district as of the last assessment date plus original cost of new construction reduced by the original cost of property retired since the last assessment date. The Minnesota portion of the unit value as adjusted under this rule shall be divided by the total current original cost to determine a percentage. The resulting percentage shall be multiplied by the current original cost in each taxing district to determine the market value in each district.

Subp. 5. [Repealed, 14 SR 1806]

**Statutory Authority:** *MS s 270.06*

**History:** *14 SR 1806*

**8100.0700 EQUALIZATION.**

Subpart 1. **In general.** After the apportionment of value referred to in part 8100.0600 has been made, the values of structures valued by the commissioner must be equalized to coincide with the assessment levels of commercial and industrial property within each respective county receiving a share of the apportioned utilities value. This equalization will be accomplished through the use of an assessment/sales ratio.

Subp. 2. **Assessment/sales ratio computation.** A comprehensive assessment/sales ratio study compiled annually by the sales ratio section of the Local Government Services Division of the Department of Revenue will be used in this computation. The portions of this study which will be used for purposes of this part are known as the "County Commercial and Industrial Sales Ratio."

This commercial and industrial (C & I) sales ratio is computed through an analysis of the certificates of real estate value filed by the buyers or sellers of commercial or industrial property within each county. The information contained on these certificates of real estate value is compiled pursuant to requests, standards, and methods set forth by the Minnesota Department of Revenue acting upon recommendations of the Minnesota Legislature. The most recent C & I study available will be used for purposes of this part.

The median C & I sales ratio from this County Commercial and Industrial Sales Ratio study will be used as a basis to estimate the current year C & I median ratio for each county.



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The process used to estimate this current year median ratio will be as follows:

The State Board of Equalization abstract of market value will be examined. The current estimated market value of commercial and industrial property within each county will be taken from this abstract. The amount of the value of new commercial and industrial construction ("new" meaning since the last assessment period), as well as the value of commercial and industrial property which has changed classification (for example, commercial to tax exempt property) will also be taken from the abstract. The value of new construction will then be deducted from the estimated market value, resulting in a net estimated current year market value for commercial and industrial property within the county. The value of commercial and industrial property which has changed classification will be deducted from the previous years estimated market value to arrive at a net estimated previous year market value for commercial and industrial property within the county. The net current year value will be compared to the net previous year's estimated market value for commercial and industrial property within the county and the difference between the two values noted. This difference will be divided by the previous year's net estimated market value for commercial and industrial property to find the percentage of increase, or decrease, in assessment level for each year. This percent of change will be applied to the most recent C & I median ratio to estimate the current year's C & I median ratio. An example of this calculation for a typical county is shown below.

1990 E.M.V. for Commercial and Industrial Property	\$12,000,000	
Less: New Construction	<u>1,500,000</u>	
1990 Net E.M.V. for C & I property		\$ 10,500,000
1989 E.M.V. for C & I property	\$10,250,000	
Less: Classification changes	<u>250,000</u>	
1989 Net E.M.V. for C & I property		10,000,000
Difference 1989 vs 1990 E.M.V.		500,000
Percent of change (500,000/10,000,000)		5%
1989 Median C & I ratio		88%
1990 Estimated Median C & I ratio (88% x 105%)		92.4%

This same calculation is performed for each Minnesota county. If there are five or fewer valid sales of commercial and industrial property within a county during the study period, these few sales are insufficient to form the basis for a meaningful C & I ratio. Therefore, the median assessment/sales ratio to be used for purposes of the example computation in this subpart will not be the median C & I ratio but will be the weighted median ratio of all property classes within the county for which a sales ratio is available. This weighted median ratio is computed in the same manner using the same procedures and standards as the C & I ratio. In addition, the example computation in this subpart will not be performed using the commercial and industrial estimated market value but will use the estimated market value for all property within the county. All other aspects of the calculations are identical except for this substitution.

Class of Property	Amount of Value	Percent of Value	Median Ratio	Weighted Median Ratio
Residential	\$ 20,000,000	20%	86%	17.00%

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Agricultural	55,000,000	55%	95%	52.25%
Seasonal - Recreational	5,000,000	5%	90%	4.50%
Commercial Industrial	20,000,000	20%	85%	17.00%
<b>Total</b>	<b>\$100,000,000</b>	<b>100%</b>		<b>90.75%</b>

**Subp. 3. Application of the estimated current year median assessment/sales ratio.** After the estimated current year median ratio has been calculated under subpart 2, it is used to adjust the apportioned estimated market value of utility structures valued by the commissioner. The value of these structures is reduced by the difference between 95 percent and the median ratio as adjusted in subpart 2. This is done by subtracting the current year median ratio, as adjusted, from the 95 percent provided for in Minnesota Statutes, section 278.05, subdivision 4, to arrive at an equalization factor. The estimated market value of utility structures is multiplied by the equalization factor to arrive at the reduction amount. The reduction amount is subtracted from the estimated market value of the utility structures to arrive at the equalized market value of structures. In no instance will any adjustment be made if, after comparing the current year median sales ratio as adjusted to the assessment level of utility structures, the difference between the two is ten percent or less. An example of this adjustment is as follows:

	County A	County B
Estimated Level of Assessment for Utility Property*	100.00%	100.00%
95 percent provided for in Minnesota Statutes, section 278.05, subdivision 4	95.00%	95.00%
County Commercial/Industrial Sales Ratio	87.00%	93.00%
Equalization Factor	8.00%	0.00%
Estimated Market Value of Structures	1,000,000	1,000,000
Reduction in Value	<u>80,000</u>	<u>0</u>
Equalized Market Value of Structures	<u><u>920,000</u></u>	<u><u>1,000,000**</u></u>

\*For purposes of this example, assume that utility property is assessed at 100 percent of market value.

\*\*No adjustment is made because the Estimated Current Year Median Sales Ratio is within ten percent of the assessment level of utility property.

All utilities operating within a particular county will be equalized at the same percentage. No adjustment for equalization will be made to machinery or personal property.

These equalized estimated market values of utility structures valued by the commissioner will be forwarded to the county assessor denoting specific utility companies and taxing districts together with personal property and machinery values pursuant to Minnesota Statutes.

**Statutory Authority:** *MS s 270.06*

**History:** *15 SR 2190*