



MNSPECT

HELPING YOU COMPLY WITH THE CODE

235 First Street West • Waconia, MN 55387-1302

YOUR CODE PROFESSIONALS:

- Scott Qualle, Designated Building Official
- Ty Turnquist, Operations Director, Senior Commercial Plans Examiner
- Tom Richardson, Relationship Manager
- Nick Qualle, Senior Residential Plans Examiner/ Field Inspector
- Dale Engelmann, Senior Plumbing Plans Examiner/Plumbing Inspector
- Derek Qualle, Rental/Field Inspector
- Thomas Krause, Field Inspector
- Dean Mau, Senior Fire Plans Examiner
- Barry Riesch, Residential Plans Examiner
- Tracy Montgomery, Office Manager
- Wendy Morrissey, Administrative Assistant
- Brandy Blauert, Operations Assistant

HAPPY ANNIVERSARY

Wendy Morrissey (4 years)

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August 2015

IT'S "FAIR" SEASON – Let's Talk About Making It Fair

My first car was a 1971 Chevy Malibu – complete with an extremely LOUD dual exhaust system. My parents found the car listed for sale in the newspaper. The fact that they went to look at it and brought it to show me while I was at work told me my mom was tired of sharing her car with me and I pretty much had no choice but to hand my money over to my dad for him to make a deal with the owner (one of his favorite things to do). As I then learned, the next step after buying a used car is to walk into the Department of Motor Vehicles to register the car in your name and to pay the dreaded sales tax. I remember a lot of folks giving me the same advice: tell them you bought it for \$100 so you don't have to pay as much sales tax.

The question is: Is it fair that just because one person buys their 1971 Chevy Malibu for \$1,000 from a dealership, they have to pay more than a person that buys it off the street? I have not purchased a used car from a private person since then, but I did find that the State of Minnesota has attempted to rectify this issue: Minnesota Department of Public Safety website states: Tax Rate 6.5%: Sales tax is due on most purchases or acquisitions of motor vehicles. It is based on the total purchase price or fair market value of the vehicle, whichever is higher. When a vehicle is acquired for nominal or no monetary consideration, tax must be based on the average value of similar vehicles.

We run into a similar issue with building permit fees. MN Rules, Chapter 1300.0160 states "Building permit fees shall be based on valuation." Subpart 3 says "Permit valuations shall include total value of all construction work, including materials and labor, for which the permit is being issued, such as electrical, gas, mechanical, plumbing equipment, and permanent systems. Building permit valuation shall be set by the Building Official."

How does this relate to the used car sales tax story? I had a gal call the office wanting to know how much the building permit fee would be for a new above ground swimming pool. I explained that permit fees are based on the valuation (labor, materials, all costs associated with the project). Her response: The materials were donated by her parents and they were installing the pool themselves so there would be no cost. Let's say that if they had purchased a pool from a retailer and had it installed, it would have cost \$5,000 for the installation of the pool. Taking her word for it, they would pay no building permit fee. However, if their neighbor had installed a similar pool, purchasing it and paying someone to install it, they would have paid between \$100 and \$140 for a permit fee. Fair? I don't think so.

Similar to the system the MN Dept. of Public Safety has for determining sales tax on a used vehicle, the Department of Labor and Industry (DLI) has developed a plan for permit fees.

According to the DLI website:

"Building valuation data is taken from International Code Council tables and modified for Minnesota.

The building valuation data format provides **average** square-foot construction cost value using the International Building Code occupancy classifications and types of construction. Data provided is for comparison with valuations submitted by the applicant for permits. Costs are intended to include architectural, structural, electrical, plumbing and mechanical work.

DLI strongly recommends that all local municipalities actively evaluate and assess the impact of using this building valuation table."

The two things you should take away from this article: One, using the state guidelines, we strive to keep permit fees fair for everyone; Two, don't let your parents pick your car out for you.

TIP: If you don't know where your water shutoff valve is, find it now before you NEED to find it. Water pipes can break due to corrosion, freezing, or accidents. While water is gushing into your house, you don't want to waste any time looking for the shut-off valve. Once you have located the valve, turn it on and off to make sure it is working properly. It is a good idea to do this periodically so it stays in good working order. If you have a well, locate the switch to shut it off. It might be a good idea to mark the shut-off valve or switch so your family members can locate it if you are not around.

If you have a story idea for our newsletter or would like to know if your project requires a permit, please call us at 952-442-7520 or e-mail us at info@mnspect.com.

Speaking of Fairs:

Carver County Fair – August 5 – 9
 Dakota County Fair – August 10 - 16
 Hennepin County Fair – oops we missed it!
 McLeod County Fair – August 19 – 23
 State Fair – August 27 – Sept 7

Trivia question: If measured by laying them end to end, how many miles of footlong hot dogs are sold at the State Fair each year? For the answer, visit: www.mnstatefair.org/fun/fair_trivia.html