



The MN Property Tax System *Overview*

Council Presentation

October 19, 2009

Property Tax System – Major Players

State Legislature – established the system; sets property class rates; oversees / regulates the property assessment process; sets levy limits for local govts; determines aid amounts;

County – assessor's office compiles & analyzes property sales data and determines market values;

City and other local taxing jurisdictions – set annual property tax levy (in dollars – not a tax rate) that provides resources for operations and payment on bonded debt.

Market Value vs. Tax Capacity

- MN's property tax system discriminates between property types by using a property class rate that results in different types of properties being taxed at different rates.
- Traditionally, homestead residential properties are taxed at the lower rates.

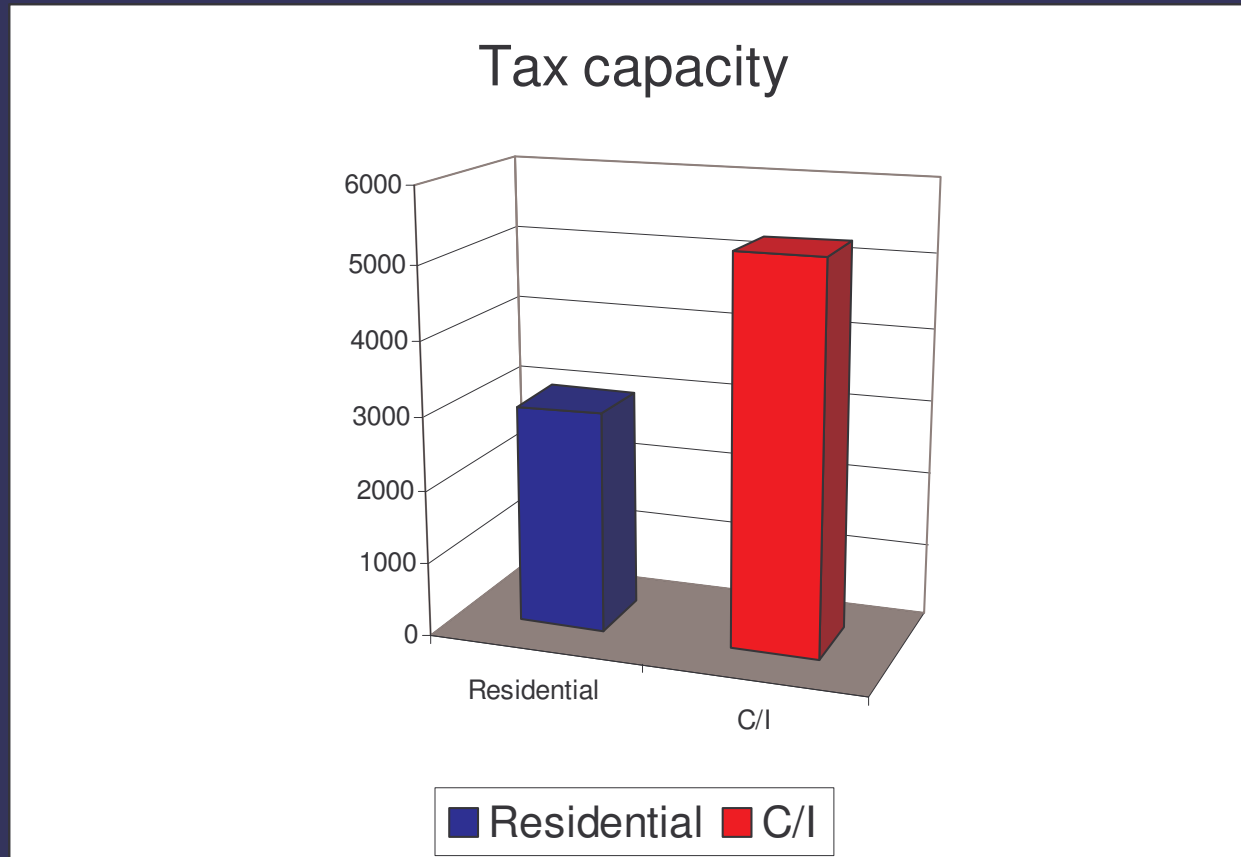
Property Class Rates:

- A homestead residential property's class rate: 1% up to \$500,000 in assessed value / 1.25% over \$500,000;
- A commercial / industrial property's class rate: 1.5% up to \$150,000 / 2.0% over \$150,000;
- There are numerous property types with different rates – all of which are set by the State Legislature.

The property tax base and the property tax formula

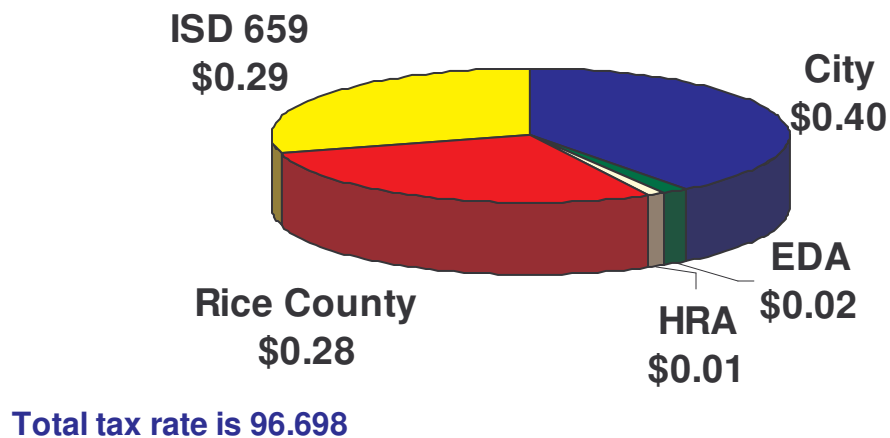
The majority (96.8% for 2010) of the City's tax levy is tax capacity-based – only the levy for the payment of the Community Resource Center's bonds are based upon market (assessed) values.

Difference between a \$300,000 residential & a \$300,000 commercial property in tax capacity terms



Property taxes dollars are distributed to a number of jurisdictions

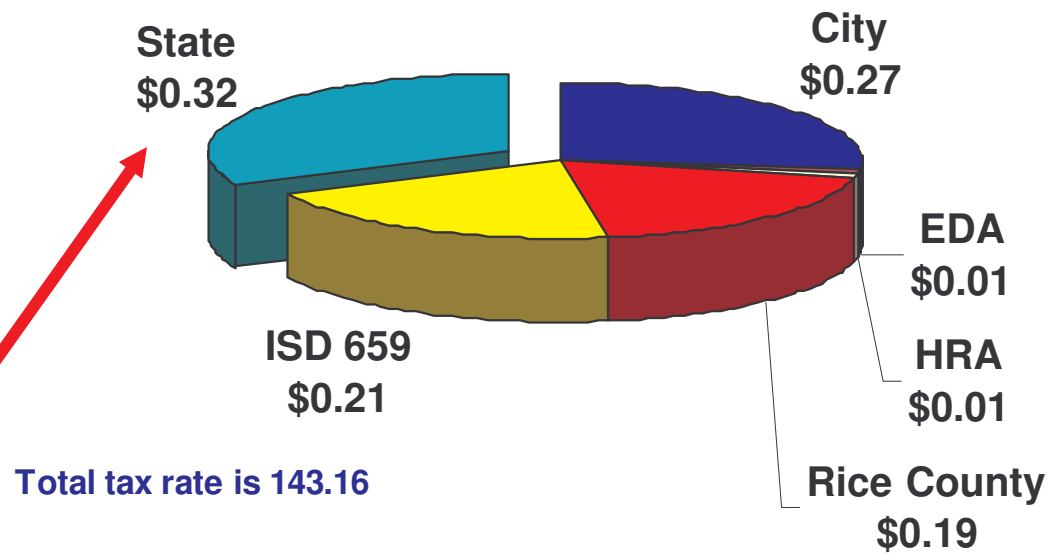
Where your property tax dollars go in 2009 - residential properties



Where your tax dollar goes in 2009

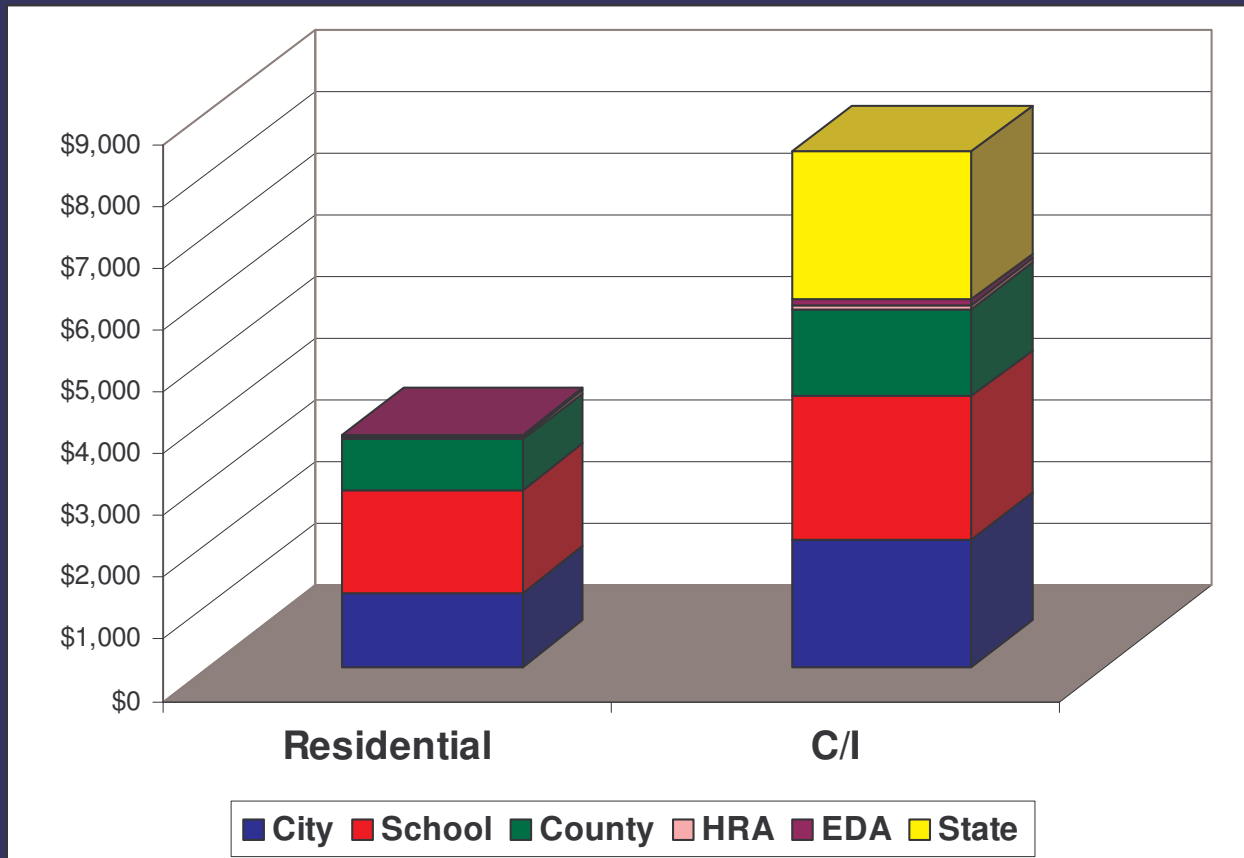
Where your tax dollar goes in 2009

Where your property tax dollars go in 2009 - commercial and industrial properties



Owners of commercial / industrial property also pay a State property tax

Comparing property tax bills on the \$300,000 property



Property Assessment Calendar for Taxes Payable in 2010

- March 2009 – County sent out Notice of Valuation;
- May 2009 – Local Board of Review meets to consider appeals from property owners;
- June 2009 – County Board of Equalization meets to consider appeals from property owners
- June 2009 – March 2010 – Tax Court petitions must be filed by subsequent March to appeal 2009 property assessment.

Contacts

Market Value Questions?

- Contact Rice County (507) 645-9576
- Contact Dakota County (651) 438-4200

Questions about the City's budget and tax levy?

- Contact the City of Northfield (507) 645-8833

or

- Finance Director, Kathleen McBride
(507) 645-3011

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