NICOLLET COUNTY
2023 BUDGET AND
PROPERTY TAX LEVY
PUBLIC INPUT MEETING

NICOLLET
EST. COUNTY 1853

December 1, 2022

6:30 P.M.

2023 Nicollet County Budget and Levy
Public Input Meeting

Thursday, December 1, 2022
6:30 p.m.

Nicollet County Government Center Board Room • 501 South Minnesota Avenue, St. Peter, MN 56082

Commissioners: Marie Dranttel- Board Chair; Jack Kolars- Vice Chair; John Luepke; Terry Morrow; David Haack

6:30 p.m. 1. Call the Meeting to Order

2. Introductions

3. 2023 Proposed Budget and Property Tax Levy Overview:
County Administrator Mandy Landkamer

4. Public Input Portion

5. Adjourn Meeting

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NICOLLET
COUNTY EST. 1853

Mission

Providing efficient services with innovation and accountability.

Vision

Setting the standard for providing superior and efficient county government services through leadership, accountability and innovation to a growing and diverse society.

Core Values

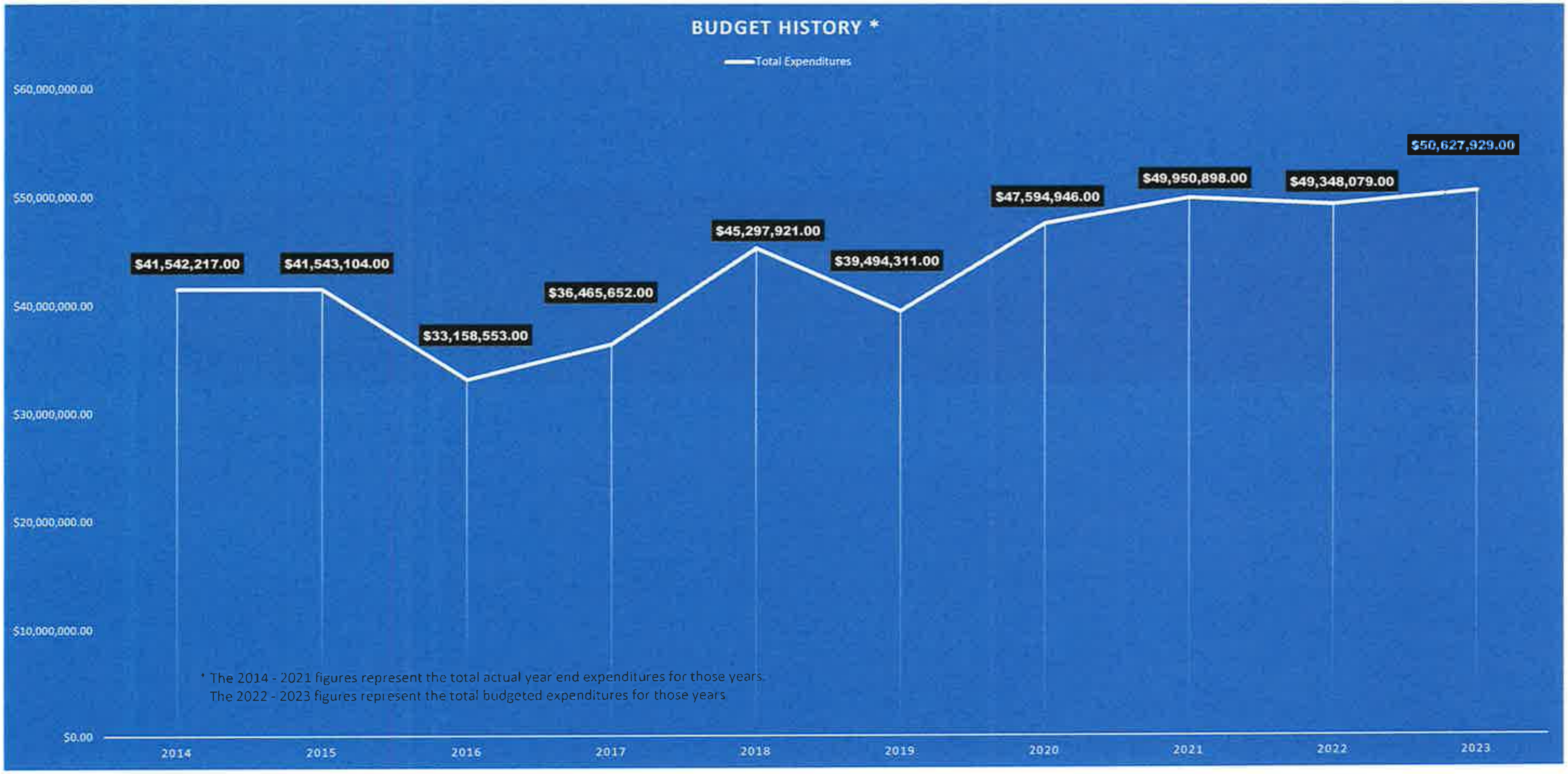
Leadership: Having a vision, sharing that vision and inspiring others to support our vision while creating their own.

Integrity: Our decisions and actions display a consistent commitment to moral and ethical values.

Accountability: To account for our activities, accept responsibility for them and to disclose the results in a transparent manner.

Efficiency: Our ability to do things well, successfully and without waste.

Innovation: Our transformation of an idea into a service that creates value.


BUDGET HISTORY *
Total Expenditures
$60,000,000.00
$50,000,000.00
$40,000,000.00
$30,000,000.00
$20,000,000.00
$10,000,000.00
$0.00
$41,542,217.00
$41,543,104.00
$33,158,553.00
$36,465,652.00
$45,297,921.00
$39,494,311.00
$47,594,946.00
$49,950,898.00
$49,348,079.00
$50,627,929.00
* The 2014 - 2021 figures represent the total actual year end expenditures for those years.
The 2022 - 2023 figures represent the total budgeted expenditures for those years.
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023

The following is a summary of the operating budget for the 2023 fiscal year for Nicollet County. This summary is published in accordance with Minnesota Statutes 375.169. The detail of the County budget is on file in the County Finance Office in the Nicollet County Courthouse, St Peter, Minnesota and may be reviewed during normal business hours.

NICOLLET COUNTY BUDGET STATEMENT

Budgeted Governmental Funds	2022 Adopted Budget	2023 Proposed Budget	+ (-) Dollars	+ (-) Percent
REVENUES				
Tax Levy-Property	24,257,237	25,518,834	1,261,597	5.20%
Tax Levy-(County Program Aid)	1,878,673	1,923,212	44,539	2.37%
Taxes-Delinquent & Misc	227,000	173,000	(54,000)	-23.79%
Taxes-Wheelage & Add'l Sales Tax	2,070,000	2,170,000	100,000	4.83%
Special Assessment-(Recycling)	295,000	300,000	5,000	1.69%
Licenses and Permits	91,000	90,000	(1,000)	-1.10%
Intergovernmental				
Federal	4,875,373	5,193,094	317,721	6.52%
State	8,292,098	9,190,010	897,912	10.83%
Other	746,994	738,545	(8,449)	-1.13%
Charges for Services	2,543,203	2,702,519	159,316	6.26%
Fines and forfeits	20,500	16,500	(4,000)	-19.51%
Interest and Investments	230,400	205,400	(25,000)	-10.85%
Gifts and Donations	1,000	1,000	0	0.00%
Miscellaneous	756,822	786,615	29,793	3.94%
OTHER SOURCES				
Budgeted Use of Unrestricted Fund Balance	2,920,000	1,545,000	(1,375,000)	-47.09%
Budgeted Use of Restricted Fund Balance	142,779	74,200	(68,579)	-48.03%
TOTAL REVENUES AND OTHER SOURCES	49,348,079	50,627,929	1,279,850	2.59%
EXPENDITURES				
General Public	14,426,986	12,840,993	(1,585,993)	-10.99%
Public Safety	7,680,381	8,192,833	512,452	6.67%
Highway And Streets	9,317,972	10,561,261	1,243,289	13.34%
Sanitation	289,000	301,800	12,800	4.43%
Health & Human Services	13,644,579	14,876,495	1,231,916	9.03%
Culture and Recreation	125,601	127,172	1,571	1.25%
Conservation/Natural Resources	600,375	578,070	(22,305)	-3.72%
GO Debt Service	2,015,805	2,010,405	(5,400)	-0.27%
Transit	600	10,600	10,000	1666.67%
Economic Development	100,316	118,403	18,087	18.03%
Housing Redevelopment Authority	113,168	115,431	2,263	2.00%
Intergovernment-Regional Library	110,088	120,088	10,000	9.08%
OTHER SOURCES:				
Designated Future Funds-Debt Services	100,740	100,470	(270)	-0.27%
Designated Future Funds-Health Insurance	822,468	673,908	(148,560)	-18.06%
TOTAL EXPENDITURES AND OTHER SOURCES	49,348,079	50,627,929	1,279,850	2.59%

2023 Significant Budget Items

Budget Request	Increase/(Decrease) to Levy	Comments
Health & Human Services Revenue-TCM Rate Change	$62,000	
Health & Human Services-Residential Treatment for Youth	$100,000	
Elections	($84,015)	Non-Election year
Capital Projects	($505,000)	Capital Projects in 2022 Levy, not part of 2023 Levy
Misc expense increases	$28,224	
Class & Compensation Study Implementation	$723,242	Implementation as of 1/1/23
Wages, Benefits & Staffing	$937,146	* See below
NET CHANGE	**$1,261,597**	Equals 5.20% levy increase

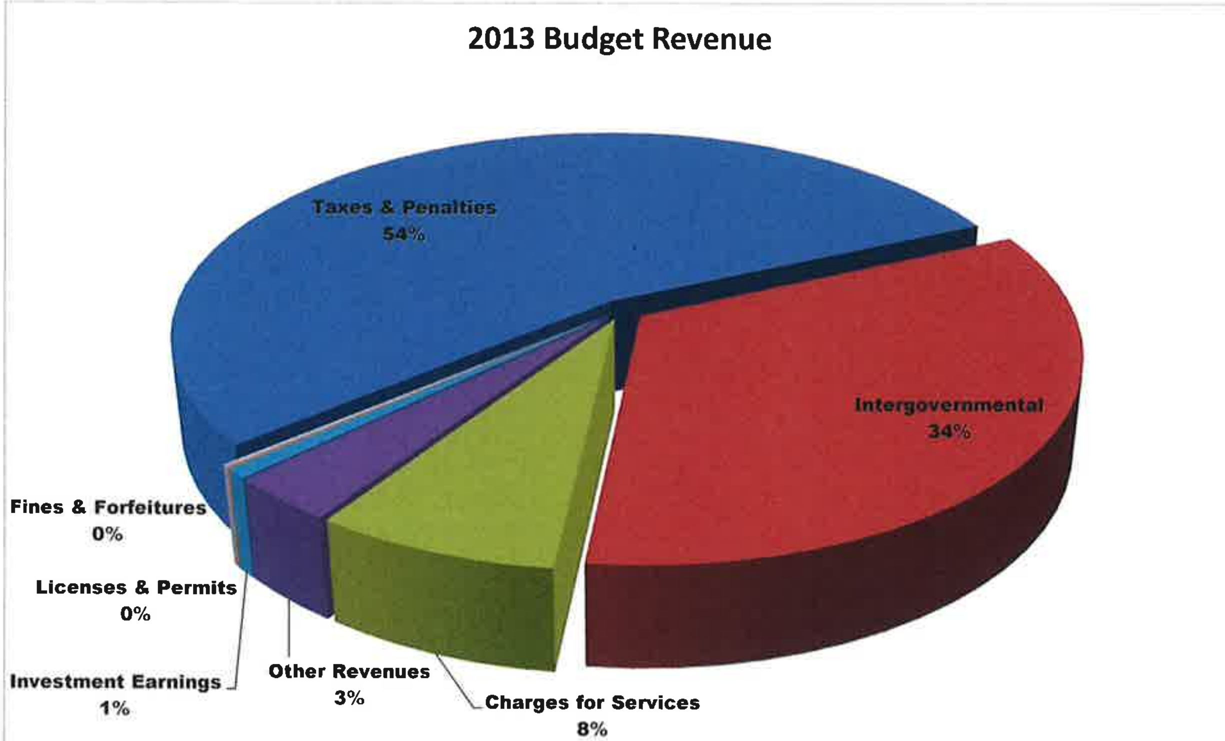
* Includes 2.5% wage scale increase, 3.5% Dept. avg. w/ 0-6% merit range; staff changes in the past year; 1.25 new FTEs; added PERA, FICA, Medicare (15.15 - 18.4%); 0% health insurance change; health insurance designated future funds; dental, life, and disability insurances; OT and PT pay.

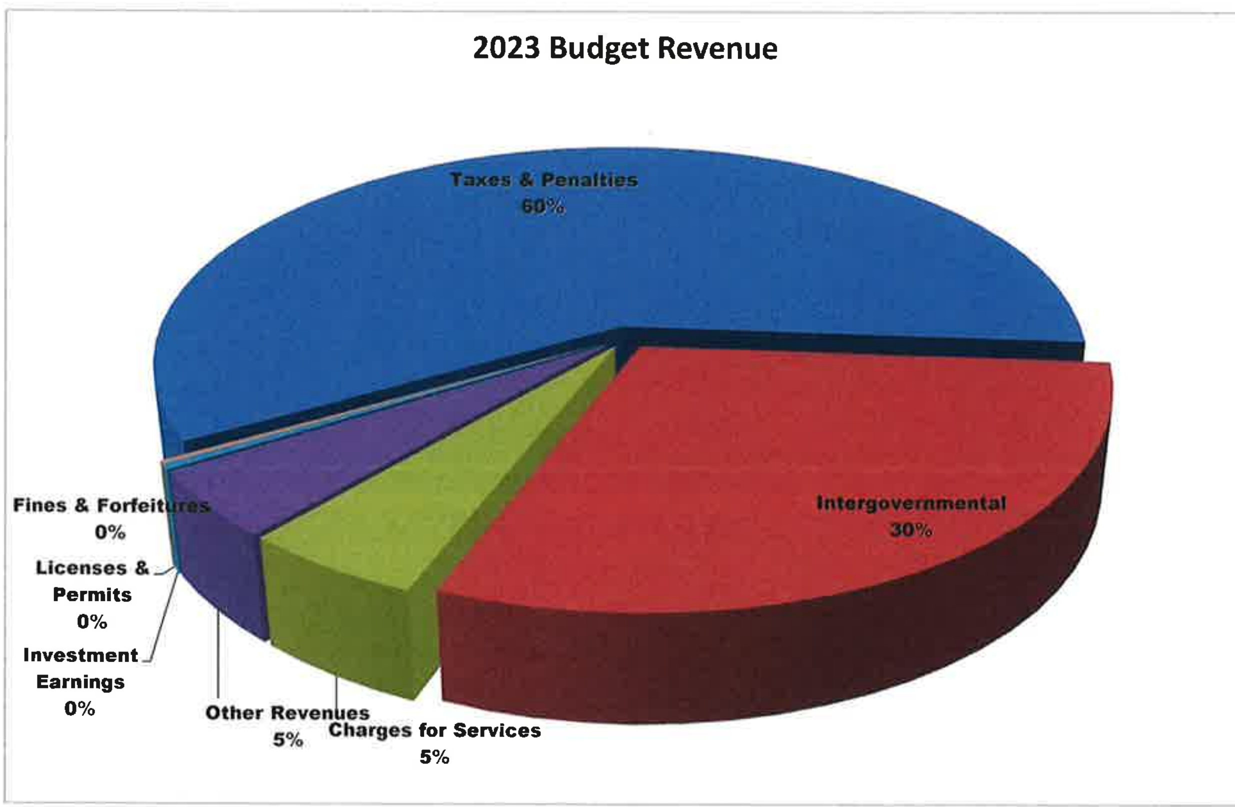
Restricted Use of Fund Balance in Budget

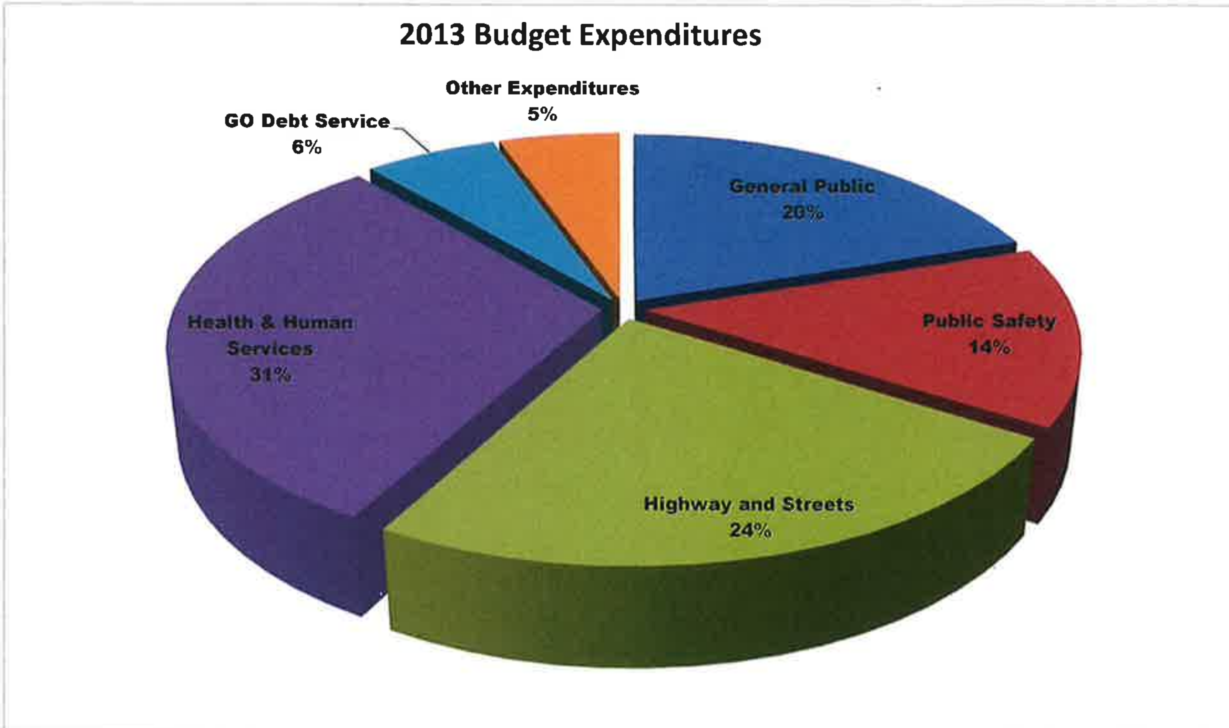
	Costs	Comments
Recorder Compliance & Technology	$32,000	
Veteran Van	$42,200	
TOTAL	**$74,200**	

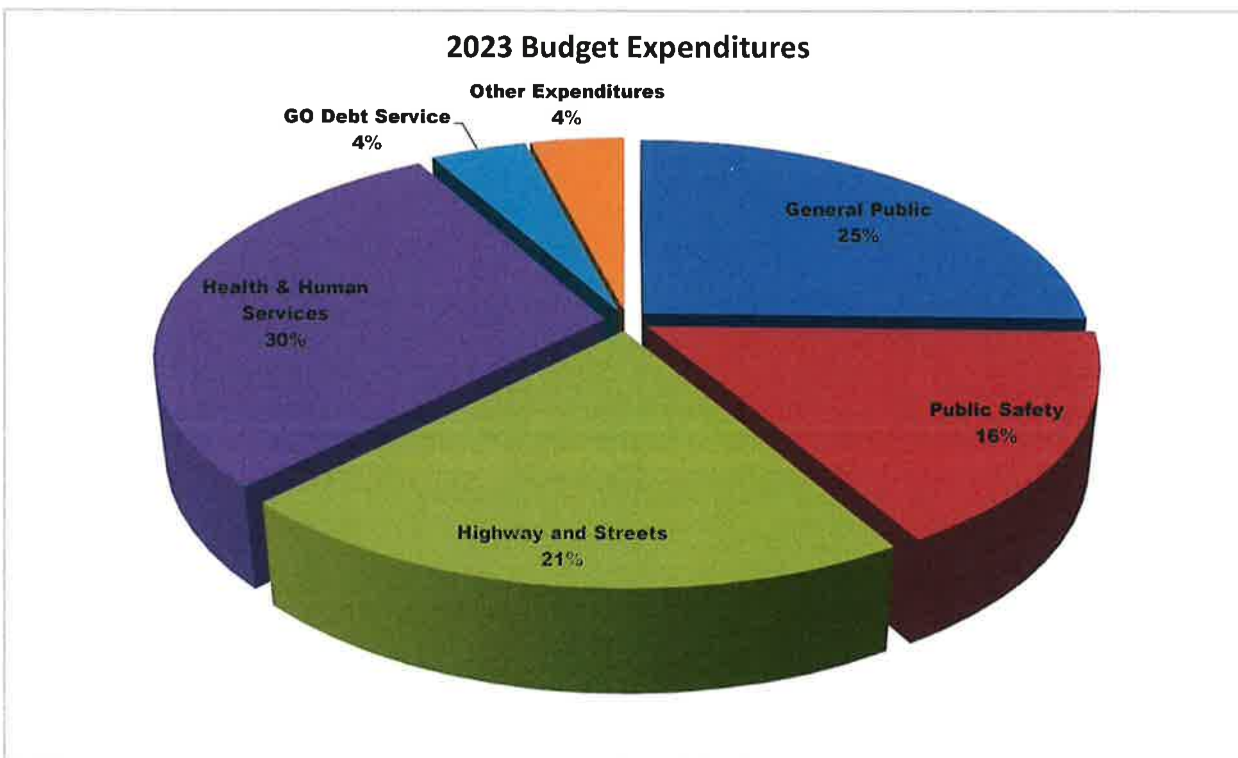
Unrestricted Use of Fund Balance in Budget

	Costs	Comments
Facilities - Jail Roof Replacement	$600,000	
Facilities - Parking Lot Projects	$750,000	HHS Parking Lot Project and Govt Ctr/Sheriff Office/Adult Mental Health Services Building/North Mankato Building parking lot resurfacing & striping
Technology - Storage Area Network(SAN) Replacements	$80,000	
Technology - Wireless Access Points	$65,000	
Public Works Facility Study	$50,000	
TOTAL	**$1,545,000**	


2013 Budget Revenue
Taxes & Penalties
54%
Intergovernmental
34%
Fines & Forfeitures
0%
Licenses & Permits
0%
Investment Earnings
1%
Other Revenues
3%
Charges for Services
8%


2023 Budget Revenue
Taxes & Penalties
60%
Intergovernmental
30%
Fines & Forfeitures
0%
Licenses & Permits
0%
Investment Earnings
0%
Other Revenues
5%
Charges for Services
5%


2013 Budget Expenditures
Other Expenditures
5%
GO Debt Service
6%
General Public
20%
Public Safety
14%
Health & Human
Services
31%
Highway and Streets
24%


2023 Budget Expenditures
Other Expenditures
4%
GO Debt Service
4%
General Public
25%
Health & Human
Services
30%
Public Safety
16%
Highway and Streets
21%

Nicollet County
10-year Levy History

Year	Percentage Increase
2013	3.00%
2014	9.50%
2015	5.25%
2016	3.90%
2017	3.88%
2018	4.79%
2019	3.79%
2020	5.25%
2021	2.99%
2022	2.00%
Avg.	**4.44%**
2023 Proposed	**5.20%**

2023 Preliminary Net Levy and Budget
September 27, 2022

	Property Tax Levy			
	2022	2023	Difference	% (+/-)
Revenue Fund:				
Administrative Services	$4,419,968	$3,889,169	-$530,799	-12.01%
Property & Public Services	$2,713,900	$2,727,082	$13,182	0.49%
Criminal Justice Services	$7,522,845	$8,101,404	$578,559	7.69%
Economic Development/Service Appropriations	$231,833	$262,011	$30,178	13.02%
Special Levy: HRA	$113,168	$115,431	$2,263	2.00%
Special Levy: Library	$110,088	$120,088	$10,000	9.08%
Total Revenue Fund	$15,111,802	**$15,215,185**	$103,383	0.68%
Road & Bridge Fund	$1,834,422	**$1,957,018**	$122,596	6.26%
Health & Human Services Fund	$5,194,468	**$6,235,756**	$1,041,288	16.70%
Bonded Debt Fund	$2,116,545	**$2,110,875**	-$5,670	-0.27%
TOTAL	**$24,257,237**	**$25,518,834**	**$1,261,597**	**5.20%**

1% Levy increase = $242,572

2023 Preliminary Net Levy and Budget
September 27, 2022

Administrative Services	Property & Public Services	Criminal Justice Services	Economic Dev./Service Appropriations
005 - Commissioners	048 - Public Services	011 - Courts	501 - Historical Society
030 - County Administrator	055 - Property Assessment	012 - Courts - Chips/TPR Cases	502 - Transit
040 - Finance	071 - Elections	020 - Drug Court	601 - Agricultural Society
045 - Capital Improvement	101 - Recorder/Abstracter	025 - Law Library	607 - Tri-County Fair
050 - Professional Srvcs-State Audit/A87	102 - Recorder-FTR Equip	091 - County Attorney	701 - Economic Development/Appropriation
060 - Human Resources	103 - Surveyor (Remounmentation)	093 - Co Attorney-Forfeited Property	
063 - Office of Technologies	104 - Recorder's Web Access	201 - Sheriff Dept	
085 - Other Gen Govt Costs & Insurances	121* Veteran's Service	205 - Boat & Water Safety	
110 - Telephone	127 - Property Services	206 - Sheriff's Contingency Fund	
111 - Courthouse Operations	391 - Solid Waste Management	207 - Prisoner Commissions Account	
115 - NM County Offices Building	603 - County Extension	208 - Sheriff - Snowmobile Safety	
116 - Health & Human Services Building	605 - Nicollet Soil & Water Conservation	210 - Enhanced 911 System	
117 - Adult Mental Health Services Building	620 - Gravel Tax Reclaimation	211 - Sheriff - Forfeited Property	
		213 - Sheriff - Off Road Hwy Grant	
		214 - Gun Permits	
		215 - Coroner	
		230 - Dispatch Center	
		250 - Sheriff Dept/Corrections	
		255 - Community Corrections	
		261 - Nicollet Co Truancy	
		281 - Emergency Services	

*121 - Veteran Services is still in Fund 1 for budget purposes but is part of the Health & Human Service Dept. for service delivery and organization.

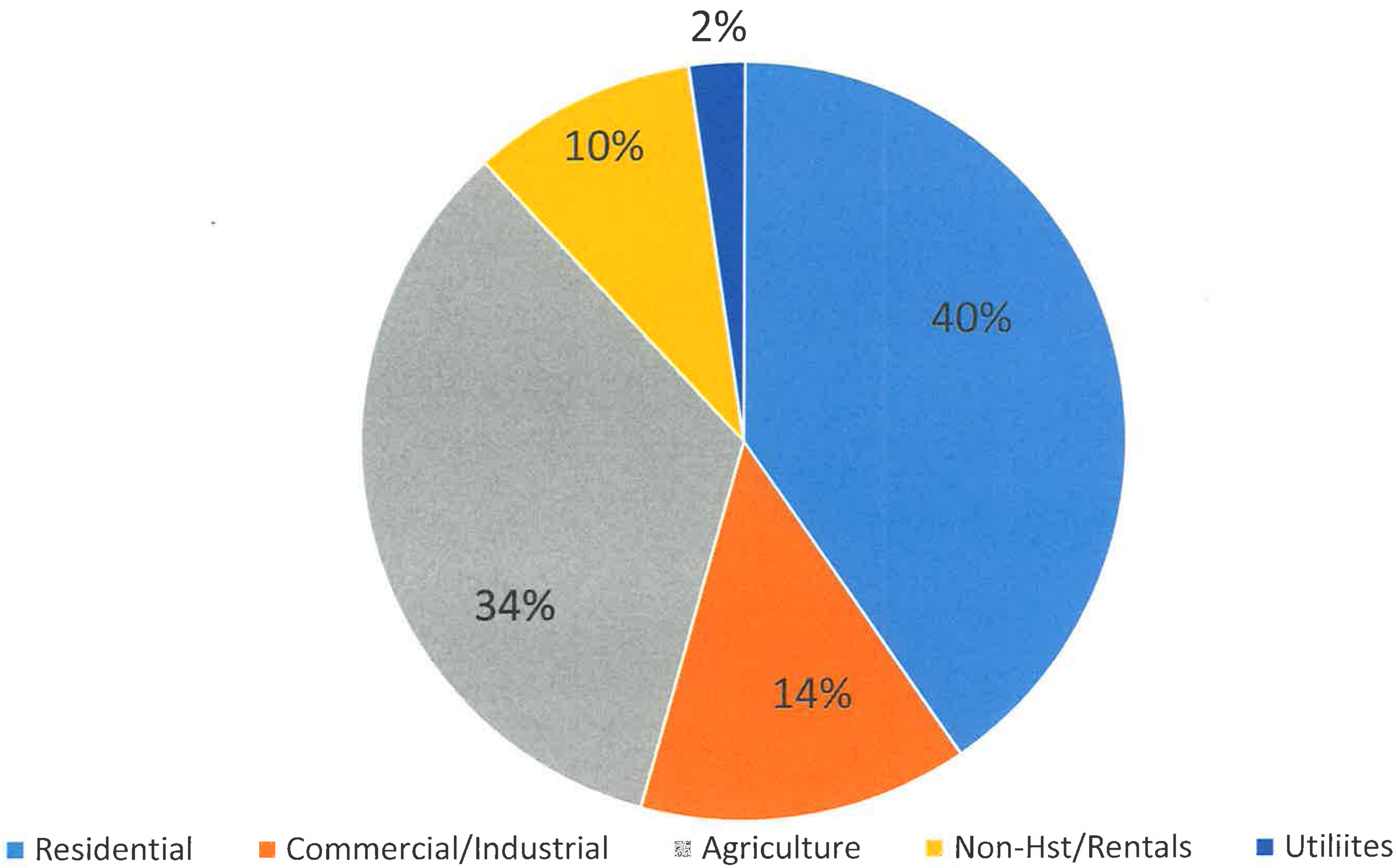
Payable 2022 vs 2023

Preliminary Levy **25,283,315** **Rate** **48.020%** **2022 County Rate** **55.65%**

5.2 Increase **Does NOT include Reg Library or HRA**

Tax Capacities:	2022	2023	Difference	%	Tax Collected	Percent of Levy
AG:						
Ag Homestead (HG1A)	1,425,101	1,682,537	257,436	18.06	807,956.29	3.20%
Remaining Ag HS & NHS	12,867,747	16,578,834	3,711,087	28.84	7,961,176.01	31.49%
Total Ag Net Tax Capacity	**14,292,848**	**18,261,371**	**3,968,523**	**27.77**	**8,769,132**	**34.68%**
NON AG:						
Residential	18,189,989	21,814,059	3,624,070	19.92	10,475,137.34	41.43%
Commercia 3A	6,619,323	7,531,671	912,348	13.78	3,616,717.46	14.30%
Non Homestead (includes rentals)	4,239,366	5,150,271	910,905	21.49	2,473,166.32	9.78%
Total Non Ag Net Tax Capacity	**29,048,678**	**34,496,001**	**5,447,323**	**18.75**	**16,565,021**	**65.52%**
Personal Property:						
Utilities/Distribution-Transmission Lines	**971,518**	**1,281,702**	**310,184**	**31.93**	**615,475**	**2.43%**
Gross Tax Capacity	**44,313,044**	**54,039,074**	**9,726,030**	**21.95**	**25,949,628**	
Less TIF	**(1,129,202)**	**(1,387,571)**	**(258,369)**	**22.88**	**-666,313**	**-2.64%**
TOTAL NET TAX CAPACITY*	**43,183,842**	**52,651,503**	**9,467,661**	**21.92**	**25,283,315**	**100.00%**

Nicollet County
Proposed 2023 Property Taxes Based on Classifications



*Agriculture excludes Ag-Homestead (house, garage, and 1 acre) and is included within Residential. Total taxes in the chart do not inlcude TIF property.

NICOLLET COUNTY
501 S Minnesota Avenue
St Peter MN 56082
507-934-7806
www.co.nicollet.mn.us

Supplemental Budget Information
Proposed 2023 Taxes

Levy Information

Taxing Authority	2022 Current Year	2023 Proposed	Percent Change
Nicollet County	$24,144,069	$25,403,403	5.2%
City of Courtland	$219,220	$230,616	5.2%
City of Lafayette	$187,037	$228,148	22.0%
City of Nicollet	$520,371	$551,524	6.0%
City of North Mankato	$7,122,995	$7,861,932	10.4%
City of St Peter	$3,525,485	$3,825,973	8.5%
Belgrade Township	$360,700	$389,500	8.0%
Bernadotte Township	$110,000	$110,000	0.0%
Brighton Township	$32,000	$35,000	9.4%
Courtland Township	$175,160	$175,600	0.3%
Granby Township	$90,000	$90,000	0.0%
Lafayette Township	$190,600	$191,600	0.5%
Lake Prairie Township	$174,300	$174,300	0.0%
New Sweden Township	$90,000	$90,000	0.0%
Nicollet Township	$174,895	$188,886	8.0%
Oshawa Township	$174,434	$174,434	0.0%
Ridgley Township	$35,000	$40,000	14.3%
Traverse Township	$70,000	$70,000	0.0%
West Newton Township	$105,000	$115,000	9.5%
School District 77 Mankato	$29,388,032	$31,176,745	6.1%
School District 88 New Ulm **PENDING Referendum	$8,292,109	$6,856,039	-17.3%
School District 507 Nicollet	$1,588,623	$1,482,328	-6.7%
School District 508 St Peter	$7,115,818	$7,183,023	0.9%
School District 2310 Sibley East	$3,887,836	$4,201,470	8.1%
School District 2365 GFW **New Referendum	$2,520,083	$4,570,503	81.4%
School District 2397 LeSueur-Henderson **New Referendum	$3,139,049	$5,259,103	67.5%

This information is provided by the county, city or township, and school district. It compares two years of budget information for those jurisdictions. For more information contact the county, city or township, or school district directly.

Additional budget information for current year 2022 and proposed 2023 for the county, city (if population is at least 500) and school district is available on the county website or by calling Nicollet County Public Serivces.

Who Does What?

A GUIDE TO MINNESOTA'S PROPERTY TAX SYSTEM

ASSESSOR

- Locates the property to be taxed, estimates its market value (how much the property would sell for in today's market), and assigns it to a class according to its use.
- Sends out notices in the spring to "all property owners."
- Multiplies the estimated market value of each piece of property by the tax capacity percentage set by law for its class. The result is the tax capacity.
- Adds together the tax capacities for all the property in the taxing district and gives the total to:

Property owners who disagree with the assessor may appeal to:

BOARDS OF APPEAL AND EQUALIZATION

CITY OR TOWNSHIP BOARD OF APPEAL AND EQUALIZATION:

- The city council or township board.
- Meets between April 1 and May 31.

COUNTY BOARD OF EQUALIZATION:

- County board of commissioners.
- Meets for two weeks in June.

STATE BOARD OF EQUALIZATION:

- Commissioner of Revenue.
- Meets between April 15 and June 30.
- The review board may change the estimate of the market value of the classification.

MINNESOTA TAX COURT:

- Small claims or regular division.

TAXING DISTRICTS

(YOUR SCHOOL DISTRICT, CITY OR TOWNSHIP, COUNTY, ETC.)

- Determine the services (such as street maintenance, fire and police protection) to be provided in the coming year.
- Estimate the costs of those services and determine what portion will come from property taxes.
- Prepare proposed budget/levy amounts
- Send final levy amounts to:

- Hold Truth-in-Taxation (TnT) hearings on budgets (if required by state law).
- Send final levy amounts to:

FINANCE DEPARTMENT

AUDITOR/TREASURER

- Determines the tax capacity rates and also uses the state general tax rate by dividing the proposed levy by the proposed total amount of tax capacity in the taxing district.
- Auditor uses state general tax rate to compute taxes (certified by the Commissioner of MN Dept. of Revenue).
- Calculates the amount of each property owner's proposed state paid credits and net tax amount.
- Prepares TnT notice and mails to each taxpayer.

- Recalculates the amount of each property owner's tax based upon the final levy amounts.
- Prepares a listing of the tax on all property owners in the county and gives the list to:

- Creates the property tax statements from the county tax lists.
- Mails the statements by March 31 of the following year.
- Property owners mail in their payments (due in two installments on May 15 and October 15; except that the second installment of taxes on agricultural property is due on November 15).

Do You Think Your Property is Over-Assessed?

THE DIAGRAM BELOW SHOWS THE STEPS IN CONTESTING YOUR PROPERTY VALUATION:

VISIT YOUR LOCAL ASSESSOR'S OFFICE

- Check the facts.
- Compare neighboring property values.
- Seek an adjustment.

3-STEP APPEAL

APPEAL TO CITY OR TOWNSHIP "BOARD OF REVIEW"

- Meets in April or May.
- Appeals in person or by letter.
- Call city or township clerk for appointment.

APPEAL TO COUNTY "BOARD OF EQUALIZATION"

- Meets for two weeks in June.
- Appeal in person or by letter.
- Call county auditor or assessor for appointment.

APPEAL TO MINNESOTA TAX COURT

- Appeal by April 30 of year following assessment.

1-STEP APPEAL

REGULAR DIVISION

- Attorney recommended.
- Decisions appealable to Supreme Court.
- Can be used for any property.
- Must be used for property assessed over $100,000.

SMALL CLAIMS DIVISION

- Attorney not necessary.
- Decisions are final.
- Use for your home, or any property assessed under $100,000.

Property Tax Classification Rates 2019

Property Type	2019 Class Rate %	Tax Code [a]
Disabled Homestead up to $50,000[b]	0.45	R
Residential Homestead[b]		
Up to $500,000 [c]	1.0	R
Over $500,000	1.25	R
Residential Nonhomestead		
Single unit:		
Up to $500,000	1.0	R
Over $500,000	1.25	R
2-3 unit and vacant land	1.25	R
Apartments (4 or more units)	1.25	R
Low-income apartments		
Up to $139,000 per unit	0.75	R
Over $139,000 per unit	0.25	R
Agricultural Homestead		
House, garage, and one acre (HGA)	[d]	[d]
Other land and buildings:		
Up to $1,900,000 [e]	0.5	
Over $1,900,000 [e]	1.0	
Agricultural Nonhomestead	1.0	
Rural Vacant Land Nonhomestead	1.0	
Managed Forest Land	0.65	
Commercial-Industrial-Public Utility		
Electric generation machinery	2.0	R
Other:		
Up to $100,000	1.5	S1, R
$100,000 - $150,000	1.5	S1, R
Over $150,000	2.0	S1, R

Property Type	2019 Class Rate	Tax Code [a]
Noncommercial Seasonal-Recreational (Cabins)		
Up to $500,000	1.0	S2
Over $500,000	1.25	S2
Homestead resorts		
Owner's residence	[d]	[d]
Other land and buildings:		
Up to $600,000	0.5	R
$600,000 - $2,300,000	1.0	R
Over $2,300,000	1.25	S2, R
Nonhomestead resorts:		
Up to $500,000	1.0	S2, R
Over $500,000	1.25	S2, R
Miscellaneous Properties		
Homestead bed and breakfasts (first 5 units)	1.25	R
Golf courses (open to the public)	1.25	R
Nonprofit service organizations (nonrevenue)	1.5	R
Nonprofit service organizations (donations) (f)	1.5	S2, R
Fraternity/sorority houses	1.0	
Manufactured home park land (>50% owner-occupied)	0.75	R
Class I Manufactured home park	**1.0**	**R**
Manufactured home park land (<50% owner-occupied)	1.0	R
Metro indoor rec. facilities	1.25	R
Noncommercial aircraft hangars	1.5	R
Seasonal restaurants on lake	1.25	R

(a) Tax Codes: S1=Subject to state general levy (commercial-industrial rate); S2=Subject to state general levy (seasonal-recreational rate); R=Subject to operating referenda (all property is subject to school bond referenda).

(b) Homesteads of disabled veterans have $300,000 of market value excluded if the disability is permanent and total (100 percent), or $150,000 excluded otherwise, provided that the disability is rated 70 percent or higher. Properties receiving a market value exclusion do not qualify for the disabled homestead classification rate.

(c) A portion of each homestead's value is excluded before determining the home's net tax capacity. The exclusion is 40 percent of the home's value to a maximum exclusion of $30,400 for a home valued at $76,000. The exclusion amount is reduced by 9 percent of the home value in excess of $76,000. There is no exclusion for homes valued at $413,800 or above.

(d) Same as residential homestead.

(e) The first-tier valuation limit for agricultural homestead property is annually adjusted by the Commissioner of Revenue.

(f) Nonprofit service organizations that generate revenue qualify for this classification by making charitable donations at least equal to the previous year's property taxes and making the facility available for public meetings at no charge.

September 2018

More detailed information on Property Taxes can be found on the Minnesota House of Representatives Research Department web site at:

http://www.house.leg.state.mn.us/hrd/topics.asp?topic=21

Tax Glossary

CATEGORICAL AID: Aid given to a local unit of government to be used only for a specific purpose.

CIRCUIT BREAKER: See "Property Tax Refund."

CLASS RATES: The percent of market value set by state law that establishes the property's tax capacity subject to the property tax.

COUNTY PROGRAM AID: State property tax relief aid to counties, distributed with a formula based on needs (households on foodstamps, age of the population, number of serious crimes) and tax base equalization for counties with smaller tax bases.

EDUCATION AID: The total amount of state dollars paid for K-12 education. This aid is paid to the school districts.

FISCAL DISPARITIES: A program in the Twin Cities metropolitan area and on the iron range in which a portion of the commercial and industrial property value of each city and township is contributed to a tax base sharing pool. Each city and township then receives a distribution of property value from the pool based on market value and population in each city.

GENERAL PURPOSE AID: Aid given to units of government to be used at their own discretion. Examples are Local Government Aid and County Program Aid.

HIGHWAY AID: Motor fuels tax and license tab money the state distributes to counties, cities and townships for highways and bridges.

HOMESTEAD: A residence occupied by the owner.

INDIVIDUAL INCOME TAX: A state tax on the income of residents and non-residents with Minnesota sources of income that is deposited into the state general fund.

LEVY: The imposition of a tax, associated with the property tax.

LEVY LIMIT: The amount a local unit of government is permitted to levy for specific services under state law.

LIMITED MARKET VALUE: A state imposed limit on property value increases for the purpose of calculating property taxes.

LOCAL GOVERNMENT AID (LGA): A state government revenue sharing program for cities with low property wealth or high service burdens that is intended to provide an alternative to the property tax.

LOCAL SALES TAX: A local tax, authorized by the state, levied on the sale of goods and services to be used for specific purposes by the local government.

LOCAL TAX RATE: The tax rate usually expressed as a percentage of tax capacity, used to determine the property tax due on a property.

MARKET VALUE: An assessor's estimate of what property would be worth if it were sold.

MARKET VALUE AGRICULTURE CREDIT: A state credit to reduce the property tax paid by agricultural homesteads to the local taxing jurisdiction.

MARKET VALUE HOMESTEAD CREDIT: The Market Value Homestead Credit (MVHC) program was eliminated during the 2011 Special Session for taxes payable in 2012 and beyond. The credit was replaced with a *market value exclusion* (defined below). This guide describes the (MVHC) reimbursement program. The program was designed to provide state-paid property tax relief to owners of certain qualifying homestead property.

MARKET VALUE HOMESTEAD EXCLUSION: The exclusion reduces the taxable value of qualifying homesteads. Despite the decreased taxable value, taxes will increase on most properties including apartments and businesses and is independent of any action taken by local governments. The exclusion provides for a portion of each home's market value to be excluded from its value for property tax calculations. The amount of value excluded is directly proportional to the MVHC the home received under the old law. In this way, each home contributes a smaller amount to each taxing jurisdiction's tax base. The tax rate tends to be a little higher because of the reduced tax base, which is why taxes increase for the other types of property. The tax burden on any given homestead could be lesser or greater depending upon the mix of properties in the jurisdiction and the level of the tax rate.

PROPERTY TAX: A tax levied on any kind of property.

PROPERTY TAX REFUND: A partial property tax refund program for those who have property taxes out of proportion with their income. This program is available to homeowners and renters.

SALES RATIO STUDY: A study conducted by the Department of Revenue of open market property sales, which is then compared to local assessments to ensure that local assessments adequately reflect the market.

STATE GENERAL PROPERTY TAX: A state-imposed property tax on commercial, industrial, and seasonal recreational properties.

STATE SALES TAX: A state tax (6.875%) levied on the sale of goods and services that is deposited into the state general fund.

TAX CAPACITY: The valuation of property based on market value and class rates, on which property taxes are determined.

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Association of Minnesota Counties
125 Charles Avenue, St. Paul, MN 55103-2108
Main Line: 651-224-3344, Fax: 651-6540
www.mncounties.org

ASSOCIATION OF AMC MINNESOTA COUNTIES

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Fourteen Reasons
WHY PROPERTY TAXES VARY FROM YEAR TO YEAR

1. THE MARKET VALUE OF A PROPERTY MAY CHANGE.

- Each parcel of property is assessed at least once every five years and a sales ratio study is done to determine if the property is assess similarly to like properties. If not, the Commissioner of Revenue may issue an 'order' that would affect the taxable value of a parcel.
- Additions and improvement made to a property generally increases its market value.

2. THE MARKET VALUE OF OTHER PROPERTIES IN YOUR TAXING DISTRICT MAY CHANGE, SHIFTING TAXES FROM ONE PROPERTY TO ANOTHER.

- If the market value of a property increases more or less than the average increase or decrease in a taxing district, the taxes on that property will also change.
- New construction in a taxing district increases the tax base and will affect the district's tax rate.

3. THE STATE GENERAL PROPERTY TAX MAY CHANGE.

- The state legislature directly applies a State General Property Tax to commercial/industrial and season/recreational property classes.

4. THE CITY BUDGET AND LEVY MAY CHANGE.

- Each year, cities review the needs and wants of their citizens and how to meet those needs and wants. This is called 'discretionary spending' in the city budget. Also included in the budget is non-discretionary spending which is required by state and federal mandates and court decisions and orders.

5. THE TOWNSHIP BUDGET AND LEVY MAY CHANGE.

- Each March, townships set the levy and budget for the next year.

6. THE COUNTY BUDGET AND LEVY MAY CHANGE.

- Each year, counties review the needs and wants of their citizens and how to meet those discretionary needs and wants. In addition, also included in the county budget is non-discretionary spending which is required by state and federal mandates and court decisions and orders. As much as sixty to eighty-five percent of the county expenditures are used to deliver mandated services.

7. THE SCHOOL DISTRICT'S BUDGET AND LEVY MAY CHANGE.

- The Legislature determines basic funding levels for K-12 education and mandates services that schools must perform. On average, approximately seventy percent of school costs are paid by the state.
- Local school districts set levies for purposes including safe school and community education, etc.

8. A SPECIAL DISTRICT'S BUDGET AND LEVY MAY CHANGE.

- Special districts such as the Metropolitan Council, hospital districts, watershed districts, drainage districts, etc. set levies to balance their budgets.

9. SPECIAL ASSESSMENTS MAY BE ADDED TO YOUR PROPERTY TAX BILL.

- Water lines, curb and gutter, and street improvements that directly benefit your property may be funded, in whole or in part, through a special assessment that is added to your tax bill.

10. VOTERS MAY HAVE APPROVED A SCHOOL, CITY/ TOWNSHIP, COUNTY, OR SPECIAL DISTRICT REFERENDUM.

- Local referendums may be held for local government construction projects, excess operating levies for schools or many other purposes.
- Referendum levies may be spread on the market value or the tax capacity of a property depending on process and type of referendum levy.

11. FEDERAL AND STATE MANDATES MAY HAVE CHANGED.

- Both the state and federal governments require local governments to provide certain services and follow certain rules. These mandates often require an increase in the cost and level of service delivery.

12. AID AND REVENUE FROM THE STATE AND FEDERAL GOVERNMENTS MAY HAVE CHANGED.

- Each year the state legislature reviews and adjusts the level of funding for a variety of aids provided to local governments including Local Government Aid and County Program Aid. The formulas for how aid is determined and distributed among local governments may have changed.
- While direct aid and revenue from the federal government to local governments has declined greatly in recent years, federal revenue continues to be a key portion of the local government revenue stream and that revenue stream may have changed.

13. THE STATE LEGISLATURE MAY HAVE CHANGED THE PORTION OF THE TAX BASE PAID BY DIFFERENT TYPES OF PROPERTIES.

- A change in class rates will require a change in the tax rate to raise the same amount of money.

14. OTHER STATE LAW CHANGES MAY ADJUST THE TAX BASE.

- Fiscal disparities, personal property taxes on utility properties, limited market value, and tax increment financing are example of laws that affect property taxes.

Glossary of Terms

CATEGORICAL AID: Aid given to a local unit of government to be used only for a specific purpose.

CIRCUIT BREAKER: See "Property Tax Refund."

CLASS RATES: The percent of market value set by state law that establishes the property's tax capacity subject to the property tax.

COUNTY PROGRAM AID: State property tax relief aid to counties, distributed with a formula based on needs (households on foodstamps, age of the population, number of serious crimes) and tax base equalization for counties with smaller tax bases.

EDUCATION AID: The total amount of state dollars paid for K-12 education. This aid is paid to the school districts.

FISCAL DISPARITIES: A program in the Twin Cities metropolitan area and on the iron range in which a portion of the commercial and industrial property value of each city and township is contributed to a tax base sharing pool. Each city and township then receives a distribution of property value from the pool based on market value and population in each city.

GENERAL PURPOSE AID: Aid given to units of government to be used at their own discretion. Examples are Local Government Aid and County Program Aid.

HIGHWAY AID: Motor fuels tax and license tab money the state distributes to counties, cities and townships for highways and bridges.

HOMESTEAD: A residence occupied by the owner.

INDIVIDUAL INCOME TAX: A state tax on the income of residents and non-residents with Minnesota sources of income that is deposited into the state general fund.

LEVY: The imposition of a tax, associated with the property tax.

LEVY LIMIT: The amount a local unit of government is permitted to levy for specific services under state law.

LIMITED MARKET VALUE: A state imposed limit on property value increases for the purpose of calculating property taxes.

LOCAL GOVERNMENT AID (LGA): A state government revenue sharing program for cities with low property wealth or high service burdens that is intended to provide an alternative to the property tax.

LOCAL SALES TAX: A local tax, authorized by the state, levied on the sale of goods and services to be used for specific purposes by the local government.

LOCAL TAX RATE: The tax rate usually expressed as a percentage of tax capacity, used to determine the property tax due on a property.

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November 2006

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MN HOUSE RESEARCH

Property Tax 101: Basic Terms and Concepts

February 2020

Estimated market value

The assessor determines each property's **estimated market value** based on sales of comparable properties, cost of construction minus depreciation, income generated by the property (if applicable), and other relevant available information.

Market value exclusions, taxable market value

For some properties, a portion of the market value is excluded from taxation. All homesteads with an estimated market value below $413,800 have a portion of the market value excluded under the homestead market value exclusion. Other market value exclusions are provided through the "Green Acres" program and the disabled veteran's exclusion. A property's **taxable market value** is its **estimated market value** less any applicable **market value exclusions**.

Net tax capacity, class rate

A property's **net tax capacity** is determined by multiplying the property's **taxable market value** by the relevant **class rate** or rates. Class rates are set by statute, vary by property type, and are uniform statewide.

Local taxing jurisdiction

A **local taxing jurisdiction** is any local unit of government that has the authority to levy property taxes. Examples are counties, school districts, cities, towns, and "special taxing districts" such as watershed districts, housing and redevelopment authorities, and regional development commissions.

Taxable net tax capacity

A taxing jurisdiction's **taxable net tax capacity** is the total **net tax capacity** of all properties within the jurisdiction, excluding a portion of the value of property located in a tax increment financing district.

Levy, levy limit

Each local taxing jurisdiction certifies a **levy** equal to the amount it intends to raise from property taxes in the upcoming year. For some local taxing jurisdictions, the levy may be constrained by state-imposed **levy limits**.

Local tax rate, total local tax rate

The **local tax rate** of a taxing jurisdiction is determined by dividing the jurisdiction's **levy** by the jurisdiction's **taxable net tax capacity**. The **total local tax rate** for an individual property is the sum of the local tax rates of all taxing jurisdictions in which the property is located.

By **Jared Swanson,** jared.swanson@house.mn

Market value levy and tax rate

Most voter-approved levies apply to a property's market value rather than its net tax capacity. The **market value tax rate** is determined by dividing the jurisdiction's **market value levy** by the total market value of all properties within the jurisdiction (excluding properties classified as agricultural or seasonal-recreational, since those property types are exempt from market value levies).

Gross tax, property tax credits, net tax

Property tax credits reduce the **gross tax** that would otherwise be due upon a property. The most common property tax credits are the agricultural market value credit, the taconite homestead credit, the disparity reduction credit, and the school building bond agricultural credit. The remaining amount after subtraction of property tax credits is the **net tax**.

Computation of Property Tax for a Hypothetical Property (Residential Homestead)

1.	Determine the property's ***estimated market value***	$200,000	
2.	Determine the property's ***homestead market value exclusion***	$19,200	
3.	Determine the property's ***taxable market value***	$200,000 - $19,200 = $180,800	
4.	Determine the ***class rate*** based on property type	Residential homestead: 1.0%	
5.	Multiply taxable market value by class rate to obtain the ***net tax capacity***	$180,800 x 1.0% = $1,808	
6.	Determine the ***total local tax rate*** by summing the tax rates of all jurisdictions authorized to levy property taxes upon the property (i.e., jurisdictions whose boundaries include the property)	County City/town School district Special districts Total	45% 35 25 5 110%
7.	Multiply net tax capacity by total tax rate to determine the ***net tax capacity-based tax***	$1,808 x 110% = $1,989	
8.	Determine the total ***market value tax rate*** by summing the market value tax rate for all taxing jurisdictions authorized to levy property taxes upon the property	County City/town School district Special districts Total	0.00% 0.00 0.15 0.00 0.15%
9.	Multiply estimated market value by total market value tax rate to determine the ***market value-based tax***	$200,000 x 0.15% = $300	
10.	Add the net tax capacity-based tax to the market value-based tax to obtain the total ***net tax***	$1,989 + $300 = $2,289	

MN HOUSE RESEARCH

Property Tax 101: Administration

July 2022

Who does what

Counties are responsible for property tax administration; the Department of Revenue provides assistance and oversight. The list below shows each county office's responsibilities for property tax administration. In some counties these offices are merged and one or two offices may perform the functions.

- **Assessor:** Values property; determines proper classification; and sends valuation notices to taxpayers
- **Auditor:** Determines each taxing jurisdiction's total tax capacity (i.e., its tax base); calculates proposed and final tax rates; and prepares truth-in-taxation notices (based on proposed levies)
- **Treasurer:** Prepares and mails out property tax statements; collects property tax payments; and distributes property tax receipts to each taxing jurisdiction

Property tax timeline

The process of calculating, imposing, and collecting Minnesota property taxes for a year actually spans two calendar years. As shown on the next page, the two-year cycle begins with the January 2 statutory assessment date and extends all the way through the next calendar year until the property taxes have been paid. For example, for taxes payable in 2023, the cycle begins on January 2, 2022, and doesn't end until the final payments are made in October/November 2023.

Appeal process

If a property owner disagrees with the assessor's valuation (shown on the valuation notice), the taxpayer can seek relief directly from the assessor. This may resolve the matter, so that no further action is necessary. If it does not, there are two separate avenues of appeal:

1) A three-step appeal process, consisting of an appeal to:
   - the local board of review; if not satisfied, appeal to,
   - the county board of equalization; if not satisfied, appeal to,
   - the Minnesota tax court.
2) A single-step appeal to the Minnesota tax court. There are two divisions:
   - The regular division, which can be used for any property. Proceedings are formal (an attorney is recommended), and the decision may be appealed to the Minnesota Supreme Court; or
   - The small claims division, which can be used only for homesteads (regardless of value) and other property where the market value is under $300,000. Proceedings are less formal, and decisions are final.

By **Jared Swanson,** jared.swanson@house.mn

Property Tax System Timeline

	Month	Assessment Year 2022 Taxes Payable 2023	Assessment Year 2023 Taxes Payable 2024
2022	January	Assessment date (2nd)	-
	March	Valuation notices mailed	-
	April	Local boards of appeal and equalization	-
	June	County board of appeal and equalization; state board of equalization	-
	July	Certification of state aid amounts	-
	September	Truth-in-taxation levy certifications (15th, 30th)	-
	November	Truth-in-taxation notices mailed	-
	December	Final budget hearings; final levy certifications (27th)	-
2023	January	County auditors compute tax rates	Assessment date (2nd)
	March	Property tax statements mailed	Valuation notices mailed
	April	-	Local boards of appeal and equalization
	May	1st half tax payments due (15th)	-
	June	-	County board of appeal and equalization; state board of equalization
	July	1st half state aid payments made (20th)	Certification of state aid amounts
	September	-	Truth-in-taxation levy certifications (15th, 30th)
	October	2nd half tax payments due – except on agricultural property (15th)	-
	November	2nd half tax payments due – on agricultural property (15th)	Truth-in-taxation notices mailed
	December	2nd half state aid payments made (26th)	Final budget hearings; final levy certifications (27th)
2024	January	-	County auditors compute tax rates
	March	-	Property tax statements mailed
	May	-	1st half tax payments due (15th)
	July	-	1st half state aid payments made (20th)
	October	-	2nd half tax payments due – except on agricultural property (15th)
	November	-	2nd half tax payments due – on agricultural property (15th)
	December	-	2nd half state aid payments made (26th)