



County Presentation to House Tax Committee

Property Tax Considerations

Thursday, February 20, 2025

Matt Hilgart, Association of Minnesota Counties

Nathan Jesson, Minnesota Inter-County Association

Agenda



Introduction-County Governance



Role of counties in property taxes



Important property tax principles



Impacts on property taxes



Mandates



Governor's budget



"Asks" for 2025



General County Duties

- Administer property tax system, land/deed/vital records
- Run elections
- Corrections/probationary services
- Invest/manage roads, ditches, bridges, transit infrastructure
- Develop land use & water policy
- Workforce and economic development
- Public health authority
- Tax forfeited properties administrator
- Provide an array of social services—housing, food, rental, mental health, child/family wellbeing services
- Manage solid waste & recycling services
- Libraries! (and Law Libraries)
- Elected officers—county sheriff's office/county attorneys office
- Additional duties as assigned ("fall back")
 - Rental supports, bus support, feed lot inspection, ditch/fence authority, indigent funeral expenses, remonumentation, etc.

County role in property taxes

- ▶ **Assess!** Our assessors determine classification (use), estimate market value of each property, and apply any benefits on property for owners
- ▶ **Calculate tax rate:** county auditors calculate tax rate and property owed by each property owner and assists with printing/disbursement of tax notices, TNT statements, etc.
- ▶ Each taxing authority (including counties) set property tax levy and collect from taxable property owners
 - ▶ We also collect and disburse back to the state C-I property tax
- ▶ County also collects and disburses property tax revenue back to appropriate government jurisdictions.

Value Notices, Tax Statements and TNTs

VALUATION NOTICE 2017
2018 Values for Taxes Payable in

Property tax notices are delivered on the following schedule:

Step 1 Valuation and Classification Notice
 (Due: 15th November) Residential
 Estimated Market Value: 200000 See *Details*
 Homestead Exclusion: 15000
 Taxable Market Value: 185000

Step 2 Proposed Taxes Notice
 2017 Proposed Tax: Coming November 2016

Step 3 Property Tax Statement
 (or Full Year: 2nd Half Taxes: Coming March 2017
 Total Taxes Due in 2017)

The time to appeal or question your CLASSIFICATION or VALUATION is NOW! It will be too late when Proposed Tax Notices are sent.

Your Property's Classification(s) and Values

	Taxes Payable in 2016 (2016 Assessment)	Taxes Payable in 2017 (2016 Assessment)	How Improvements Included in your 2016 Estimated Market Value are:
Estimated Market Value:	\$ 200,000	\$ 280,000	How Improvements Included in your 2016 Estimated Market Value are:
This Old House Deduction:	\$ 0	\$ 0	
Disabled Veterans Deduction:	\$ 0	\$ 0	\$ 0
Referendum Market Value:	\$ 200,000	\$ 280,000	
Homestead Market Value Deduction:	\$ 18,745	\$ 19,955	
Health Market Value:	\$ 18,750	\$ 22,045	
The assessor has determined your property's classification(s) to be:			
Property Classification:	100% Homestead Residential	100% Homestead Residential	

If this box is checked, your classification has changed from last year's assessment. The classification(s) of your property affect the rate at which your value is taxed.

How to Respond
 If you believe your valuation and property class are correct, it is not necessary to contact your assessor or attend any listed meeting.

If the property information is not correct, you disagree with the value(s), or you have other questions about this notice, please contact the assessor first to discuss any questions or concerns. Often your issues can be resolved at this level. If your questions or concerns are not resolved, more formal appeal options are available.

Please read the back of this notice for important information about the formal appeal process.

Appealing the Value or Classification of Your Property
Informal Appeal Options - Contact Your Assessor
 If you have questions or disagree with the 2016 classification or estimated market value for your property, please contact your assessor's office first to discuss your concerns. Often your issues can be resolved at this level.

Valuation Questions: (612) 673-3208
 Homestead Questions: (612) 673-3000

The following informal meetings are available to discuss your value and classification with Assessor's appraisal staff:
 Monday, March 28, 2016, 4:00 - 7:00 PM
 North Regional Library, 1315 Lower Avenue North
 Wednesday, March 30, 2016, 4:00 - 7:00 PM
 Armistead Park and Rec Center, 2500 W 57th Street

Remember: If you need help translating this information or need a hearing, call (612) 673-3000 or TTY (612) 673-2173.
 Hearing - Cost: None. Hearing fee: See page 14 for hearing fee information. Hearing (612) 673-2100.
 Spanish - Atención: Símbolo visible además de grafías para hablar con información. Bilingüe (612) 673-2100.
 Sign language - Atención: Símbolo visible además de grafías para hablar con información. Bilingüe (612) 673-2100.

Value Notice

Hennepin County
Proposed Taxes Notice 2017

PROPERTY IDENTIFICATION: 20-07-28-0000
 Address: 4000
 City: Minneapolis

PROPERTY CLASSIFICATION: 100% Homestead Residential

ESTIMATED MARKET VALUE: \$200,000
 MARKET VALUE: \$280,000

PROPERTY TAX STATEMENT: \$18,745 (2016) / \$19,955 (2017)

Category	2016	2017
Estimated Market Value	\$200,000	\$280,000
Homestead Exclusion	\$15,000	\$15,000
Market Value	\$185,000	\$265,000
Health Market Value	\$18,750	\$22,045
Property Tax	\$18,745	\$19,955

Proposed Tax Statement

HENNEPIN COUNTY 2016 PROPERTY TAX STATEMENT

PROPERTY IDENTIFICATION: 20-07-28-0000
 Address: 4000
 City: Minneapolis

PROPERTY CLASSIFICATION: 100% Homestead Residential

ESTIMATED MARKET VALUE: \$200,000
 MARKET VALUE: \$280,000

PROPERTY TAX STATEMENT: \$18,745 (2016) / \$19,955 (2017)

Category	2016	2017
Estimated Market Value	\$200,000	\$280,000
Homestead Exclusion	\$15,000	\$15,000
Market Value	\$185,000	\$265,000
Health Market Value	\$18,750	\$22,045
Property Tax	\$18,745	\$19,955

Tax Statement



YEAR 1

YEAR 2



PLEASE REMEMBER:

Market value increases *do not* equate to the same property tax increase

Similarly, levy % increases *do not* equate to same property tax %!

How Value Impacts Tax

- A four-house town
- 2025: \$4,000 total levies
- 2026: Flat levies
- Variable value increases



2024 EMV = **\$100,000**; 2025 Taxes = **\$1,000**
2025 EMV = **\$150,000**; 2026 Taxes = **\$1,160**

+16%



2024 EMV = **\$100,000**; 2025 Taxes = **\$1,000**
2025 EMV = **\$100,000**; 2026 Taxes = **\$800**

-20%



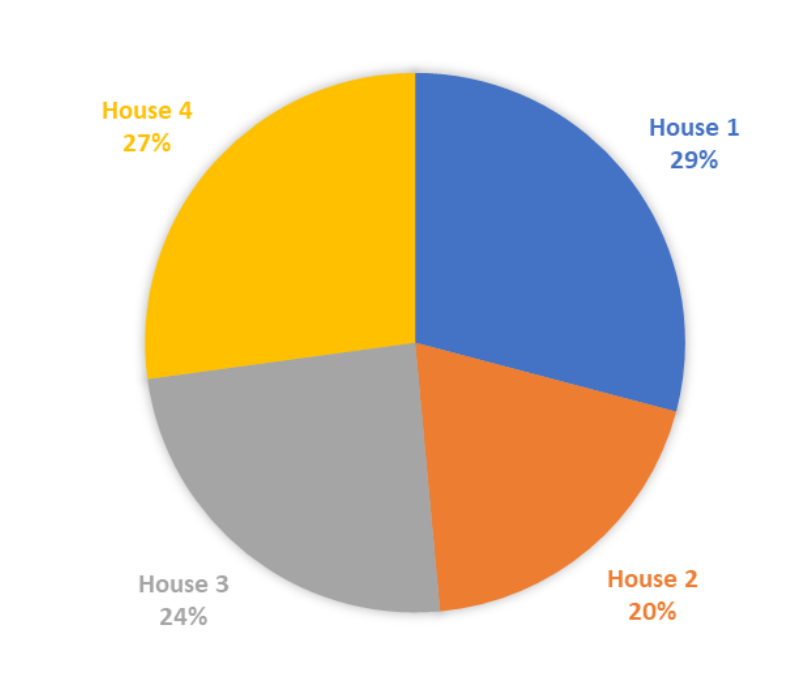
2024 EMV = **\$100,000**; 2025 Taxes = **\$1,000**
2025 EMV = **\$125,000**; 2026 Taxes = **\$960**

-4%

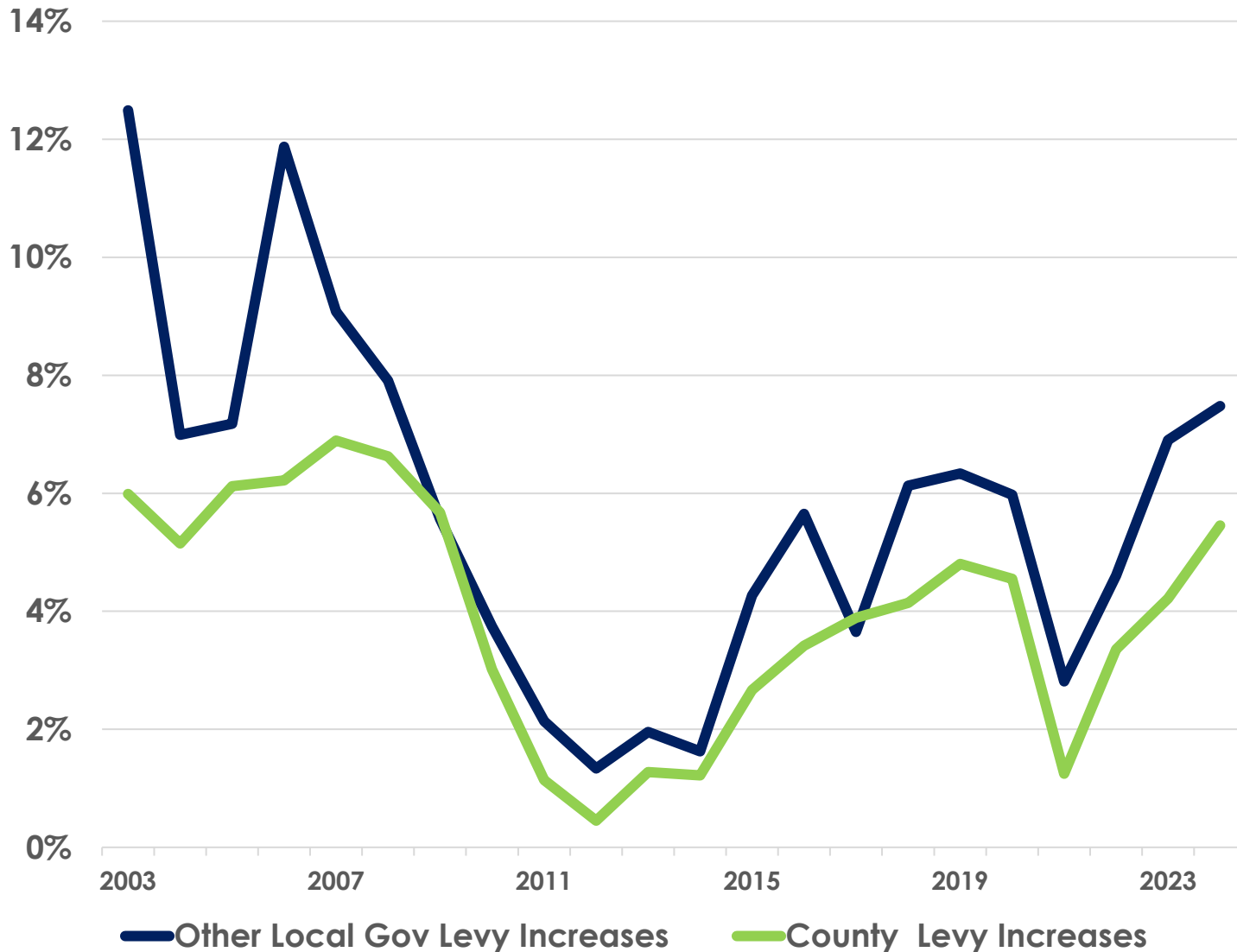


2024 EMV = **\$100,000**; 2025 Taxes = **\$1,000**
2025 EMV = **\$140,000**; 2026 Taxes = **\$1,080**

+8%



County Levy Increases



County
Property
Tax
Levies

Market Observations

- ▶ Seasonal rec increases from continuing Pandemic growth
- ▶ Ag prices holding strong
- ▶ Office market “changing”
- ▶ Residential values leveling out
- ▶ Apartment values down slightly

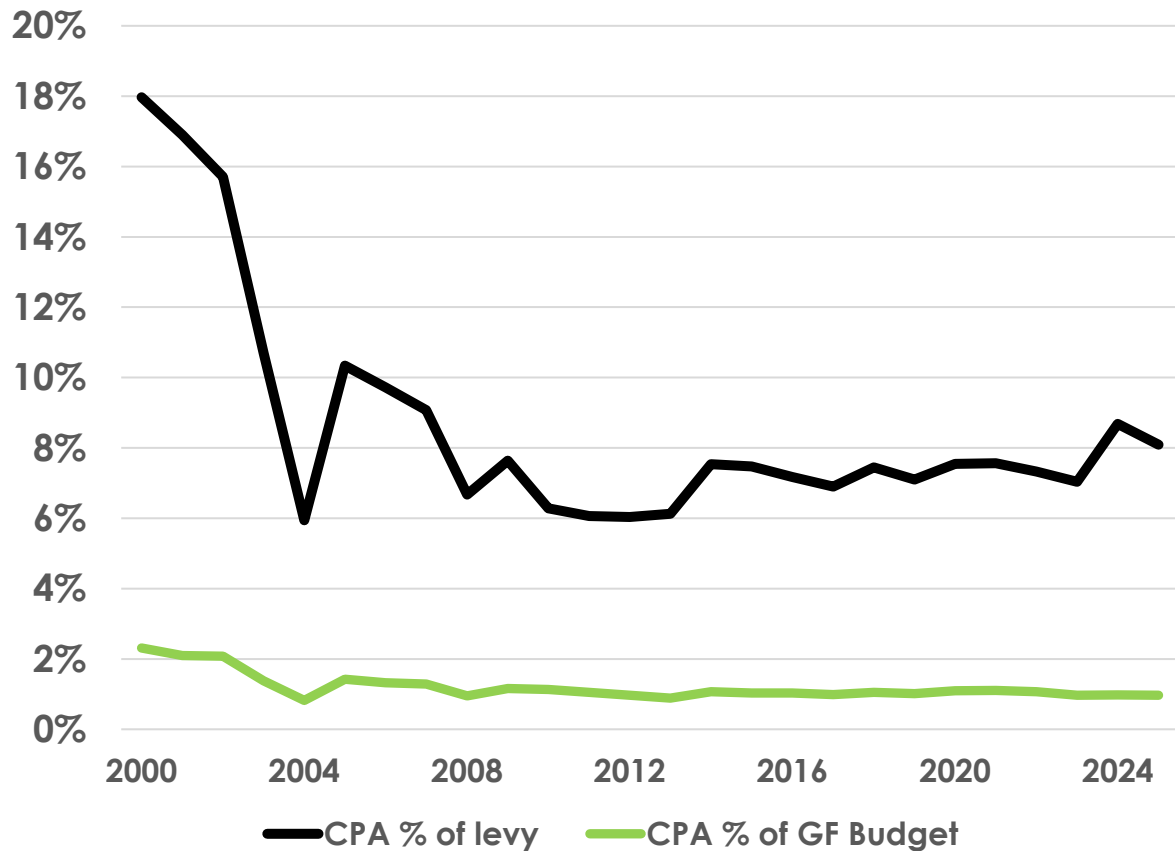


Recent property tax changes

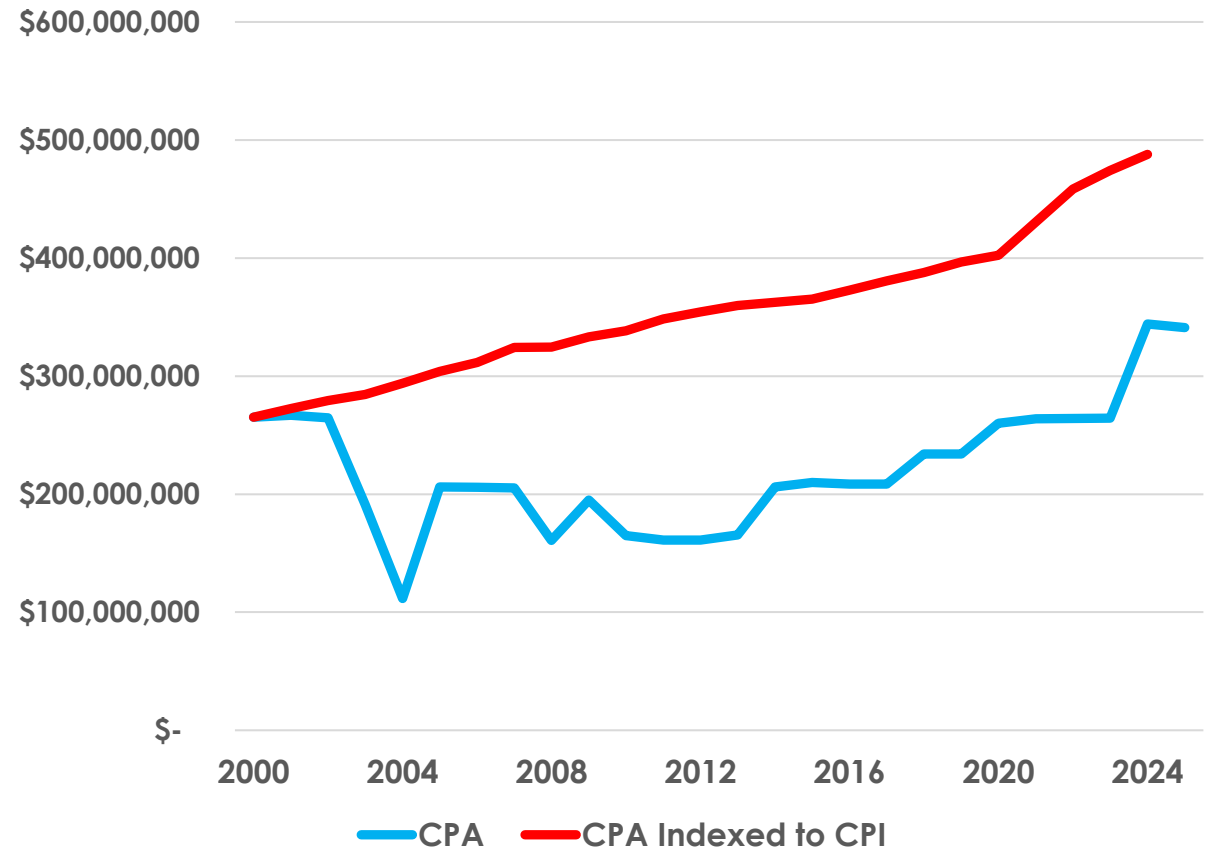
- ▶ Things supported in a bipartisan fashion
 - ▶ Property tax refunds
 - ▶ Homestead exclusion
 - ▶ Targeted PTR
 - ▶ County Program Aid!

CPA Doesn't Buy What it Used To

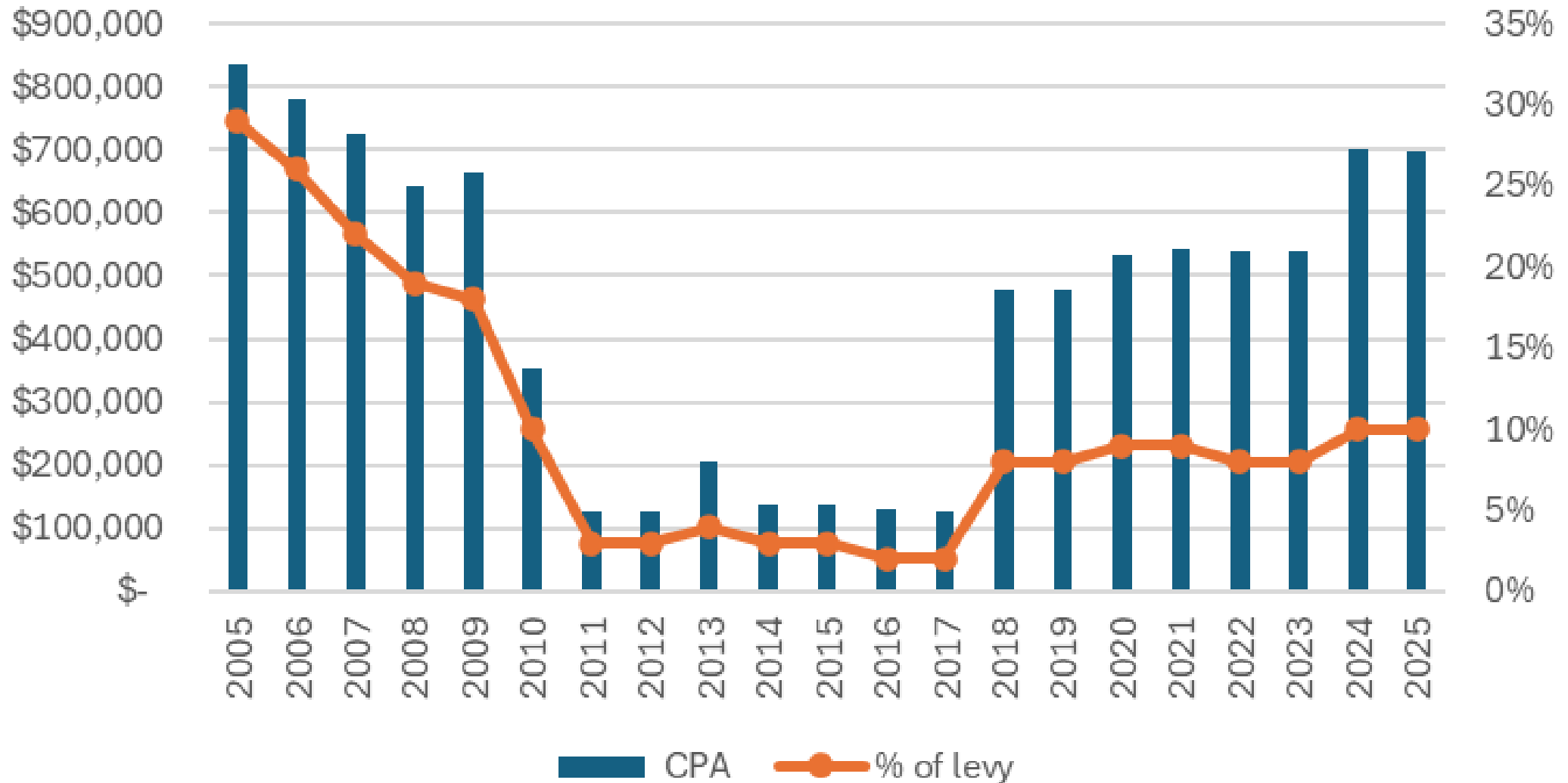
Less Buying Power for CPA



CPA Not Keeping Pace with Inflation



A Relationship with CPA: Lac qui Parle County



Governor's Budget

Significant shifts totaling over \$200m a biennium.

- ▶ **Disability Waiver Service 5% State Share**--total county impact of \$82 million in 2027, \$97 million in 2028 and \$107 million in 2029
- ▶ **MSOP/Sex Offender Cost Share Increase**--increasing from 25% to 40%- total county impact of \$39.6 per biennium starting in 2025
- ▶ **Competency Restoration Shift**--\$8.38m per year, or \$16.7m per biennium starting in 2025
- ▶ **Behavioral Health Fund Cost Shift Increase**--Total cost shift to counties approximately \$9m/biennium
- ▶ **Cannabis Aid Elimination**
- ▶ **Aquatic Invasive Species cut (50%)**--\$5m/year starting 2027

Let's talk property tax impacts:



Dakota

- \$11.5m in total shifts—
\$10.5m disability waiver
 - More than Library Collections, Park Services, Public Disease Control, Snow/Ice control budgets combined
- **7% levy increase**



Anoka

- \$8m increase in property tax shifts
- \$2.1m MSOP shift, \$5m in disability waiver shift
- **5% increase to levy on these HHS shifts alone**



Beltrami

- \$2.5m increase in HHS shifts
- **9% increase in levy**
- County has highest tax rate in MN



Ramsey

- \$13m impact in disability waivers in '27
- \$1.7m/year MSOP shift
- \$1.1m shift from Behavioral Health Fund
- \$1.4m/year increase in competency restoration

TOTAL \$17.8m, 4.7% levy increase

County Requests for 2025 Session:

- ▶ Please don't add new property tax burdens!
- ▶ Help us with addressing unfunded mandates and running our systems more efficiency
 - ▶ E.g.: AAFPA, Paid Leave/ESST, Solid Waste Mgmt., Systems Modernization
- ▶ Assessor safety is increasingly an issue worth paying attention to
- ▶ Be watchful of further eroding the tax base (shifts, exclusions, rate cuts)
 - ▶ Stay away from limited market value proposals
- ▶ Need to clarify *Alliance v. Hennepin Court Case*
- ▶ Don't forget counties!

Matt Hilgart

AMC General Government
Policy Analyst
mhilgart@mncounties.org

Nathan Jesson

MICA Executive Director
Nathan.jesson@mica.org