

# Property Tax Trends and Process in Minnesota Cities:

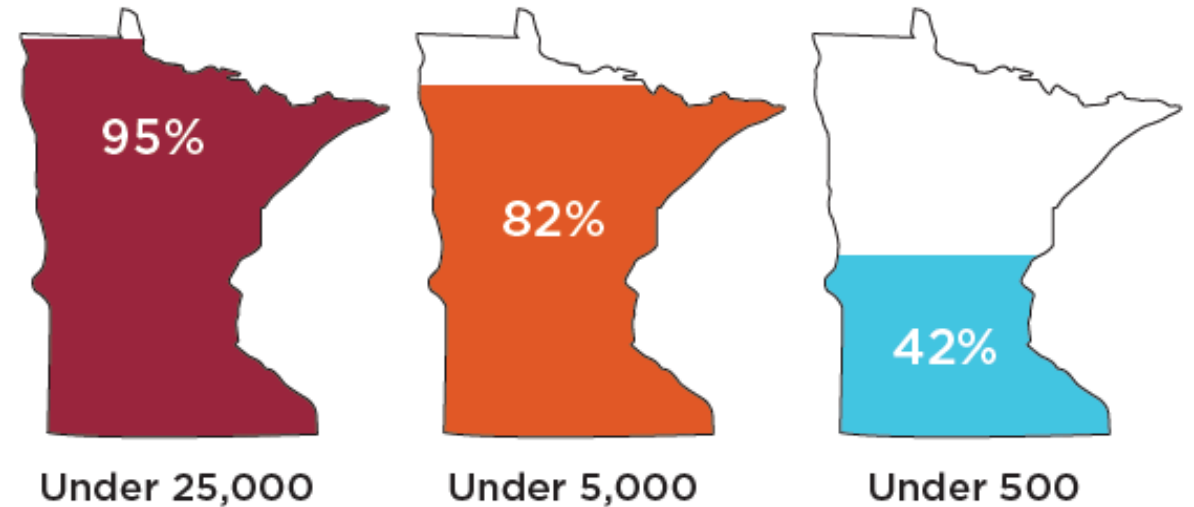
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# The Nonpartisan Voice of All Minnesota Cities

The League of Minnesota Cities advocates on behalf of Minnesota cities, connecting the work of local governance to the legislative processes in St. Paul and Washington, D.C.

## MINNESOTA'S 854 CITIES BY POPULATION



# Property Tax Timeline

- **March:** Valuation notices are mailed to property owners
- **April:** Local board of appeals and equalization
- **June:** County and state board of appeals and equalization
- **September 30:** Cities must adopt and certify a proposed or preliminary levy
- **November:** Truth in Taxation notices are mailed to property owners
- **December:** Cities hold truth in taxation hearings and approve their final levy
- **Year 2 March:** Property tax statements mailed
- **Year 2 May 15:** First half payments due
- **Year 2 October 15:** Second half payments due

# 2021 Statewide Average Valuation Trends

- A 2022 DOR report on 2021 assessments found some significant changes in valuations:
  - **Commercial** estimated market value declined by 1%, compared to average 3.6% increases from 2016-2020
  - **Residential** estimated market value increased by 4.9%, compared to 6.3% from 2016-2020
  - **Cabin** property estimated market value increased by 6.5%, compared to 2.9% from 2016-2020
  - **Residential non-homestead** estimated market value increased by 13.7%, compared to 6.8% from 2016-2020

# 2022 Statewide Average Valuation Trends

- Based on preliminary data from DOR comparing assessment year 2021-2022, some of these trends continued and some changed significantly.
  - **Commercial** property EMV only increased by 2.7%, a far smaller increase than other property types
  - **Residential** homestead property EMV jumped by 17.8% after a more modest 4.9% increase in 2021
  - **Cabin** property EMV increased by 24.1% after a 6.5% increase in 2021
  - **Residential non-homestead** EMV increased by 18.1% after a 13.7% increase in 2021

# Property Tax Levy Changes

- In November DOR released statewide preliminary levy data, showing that city levies were projected to increase by 9.1%
- The previous five year average increase for city levies was 5.6%
- Final levy data won't be available until February.
- The final increase may be lower but cannot be higher than the preliminary levy increase

# Causes for higher levies?

- There is not any one thing causing higher levies, cities are unique and face different budget situations. But there are some patterns that emerge:
  - Inflation
  - Capital Projects
  - Rising wages
  - Growth
  - Stagnant state aids

# Levers to Consider

- Local Government Aid
- Homestead Market Value Exclusion
- Limiting property tax shifts onto residential property
- Property Tax Refunds
  - Homestead Credit Refund
  - Renters Credit
  - Targeted Property Tax Refund