

# Property tax relief: Make Minnesota more competitive for economic growth

The Minnesota Chamber supports lowering the fixed cost of doing business in Minnesota and improving Minnesota's competitiveness by reducing and ultimately phasing out the statewide property tax levy.

**Minnesota commercial property taxes are among the highest in the nation**



**#7**  
for rural properties



**#15**  
for metro properties

Source: Ranking is for \$1 million market value property for taxes payable 2021.50 State Property Tax Study, Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence.

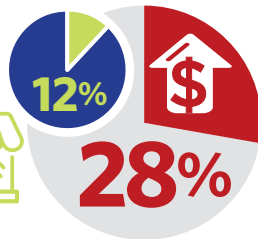
**Businesses are required to pay state property tax in addition to local property taxes.**

- The state levy is to up to 26% of a business's total property tax bill.
- The levy is set at \$717 million in payable 2023 and is assessed on properties with market values greater than \$150,000.
- Property taxes are a fixed cost of doing business that is required to be paid regardless of whether or not a business is profitable.
- Most states do not add this extra tax on their businesses.

## Minnesota businesses pay a much heavier tax burden than other similarly-valued properties.

In addition to the extra state levy, businesses have the highest class rate of 2%, resulting in a much higher burden than other properties and other states.

**Businesses have 12% of total market value**



**and pay 28% of total property tax.**

| \$200,000 MV Property Type | Net Tax | Class Rate | Effective tax rate |
|----------------------------|---------|------------|--------------------|
| Ag homestead               | \$922   | 0.4/1.0    | 0.46%              |
| Homestead                  | \$2,350 | 1.0        | 1.18               |
| Apartment                  | \$2,921 | 1.25       | 1.46               |
| Business                   | \$4,537 | 1.5/2.0    | 2.27               |

**Higher valued business properties have effective tax rates over 3%.**



**\$2 million market value business effective tax rate is 3.0% with net tax of \$60,068**

Source: Examples for taxable payable 2020, Minnesota House Legislative Research, Property Tax Overview 2021

## The Legislature must act:

Reduce and phase out the regressive uncompetitive state business tax levy and help grow Minnesota's economy.



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 Alexandria Lakes Area Chamber of Commerce  
 Anoka Area Chamber of Commerce  
 Apple Valley Chamber of Commerce  
 Associated Builders and Contractors  
 Associated General Contractors of Minnesota  
 Austin Area Chamber of Commerce  
 Bemidji Area Chamber of Commerce  
 Brainerd Lakes Area Chamber of Commerce  
 Builders Association of Minnesota  
 Builders Association of the Twin Cities  
 Building Owners & Managers Association (BOMA) St. Paul  
 Burnsville Chamber of Commerce  
 Cloquet Area Chamber of Commerce  
 Cuyuna Lakes Chamber of Commerce  
 Dakota County Regional Chamber of Commerce  
 Duluth Area Chamber of Commerce  
 Eden Prairie Chamber of Commerce  
 Elk River Area Chamber and Commerce  
 Faribault Area Chamber of Commerce & Tourism Bureau  
 Fargo Moorhead West Fargo Chamber of Commerce  
 Fergus Falls Area Chamber of Commerce  
 Glenwood Lakes Chamber of Commerce  
 Grand Rapids Area Chamber of Commerce  
 Greater Minneapolis Building Owners and Managers Association  
 Greater Stillwater Chamber of Commerce  
 Greater St. Paul Building Owners and Managers  
 Hastings Area Chamber of Commerce & Tourism Bureau  
 Hermantown Area Chamber of Commerce  
 Hibbing Area Chamber of Commerce  
 Hospitality Minnesota  
 Housing First  
 Hutchinson Area Chamber of Commerce  
 Insurance Federation of Minnesota  
 International Falls Area Chamber of Commerce  
 Iron Mining Association of MN  
 Lake City Area Chamber of Commerce  
 Lake County Chamber of Commerce  
 Lakeville Area Chamber of Commerce & CVB  
 Laurentian Chamber of Commerce  
 Litchfield Chamber of Commerce  
 Marshall Area Chamber of Commerce  
 Medical Alley Association  
 Metalcasters of Minnesota  
 MetroNorth Chamber of Commerce  
 Midwest Food Processors Association  
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 Minnesota Floorcovering Contractors Association  
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 Minnesota High Tech Association  
 Minnesota Mechanical Contractors  
 Minnesota Milk Producers Association  
 Minnesota Nursery & Landscape Association  
 Minnesota Painting and Wallcovering Employers Association  
 Minnesota Petroleum Marketers Association  
 Minnesota Pork Producers Association  
 Minnesota REALTORS  
 Minnesota Recruiting and Staffing Association  
 Minnesota Retailers Association  
 Minnesota Service Stations and Convenience Stores  
 Minnesota Shopping Center Association  
 Minnesota Ski Areas Association  
 Minnesota Society of CPAs  
 Minnesota Subcontractors Association  
 Minnesota Telecom Alliance  
 Minnesota Trucking Association  
 Minnesota Utilities Contractors Association  
 Minnesota Utility Investors  
 Minnesota Mechanical Contractors Association  
 Minnesota Precision Manufacturing Association  
 NAIOP Minnesota  
 National Federation of Independent Business  
 National Shooting Sports Foundation  
 New Ulm Area Chamber of Commerce  
 Northfield Area chamber of Commerce  
 Owatonna Area Chamber of Commerce & Tourism  
 Pipestone Area Chamber of Commerce & CVB  
 River Heights Chamber of Commerce  
 Rochester Area Chamber of Commerce  
 Shakopee Chamber & Visitors Bureau  
 SouthWest Metro Chamber of Commerce  
 St. Cloud Area Chamber of Commerce  
 St. Paul Area Chamber  
 The Chamber Grand Forks & East Grand Forks  
 Thermal Insulation Contractors Association  
 Tri-State Manufacturers' Association  
 Twin Cities North Chamber of Commerce  
 Waconia Chamber of Commerce  
 Waseca Chamber of Commerce  
 White Bear Area Chamber of Commerce  
 Willmar Lakes Area Chamber of Commerce  
 Winona Area Chamber of Commerce  
 Woodbury Area Chamber of Commerce  
 Worthington Area Chamber of Commerce



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