

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

MINNESOTA  
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COMMERCE

GROWING MINNESOTA

The United for Jobs Coalition 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**



**#2**  
for rural properties



**#10**  
for metro properties

Source: Ranking is for \$1 million market value property for taxes payable 2020. 50 State Property Tax Study, Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence.

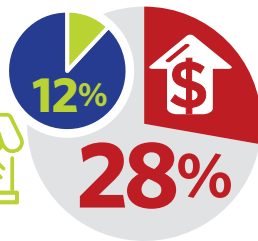
**Businesses are required to pay state property tax in addition to local property taxes.**

- The state levy is to up to 26% of a business 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 business 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 2.0% 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:

- Support reducing the regressive state business tax levy to help grow Minnesota's economy.



Albert Lea-Freeborn County Chamber of Commerce  
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  
Big I Minnesota  
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  
Fargo Moorhead West Fargo Chamber of Commerce  
Faribault Area Chamber of Commerce & Tourism Bureau  
Fergus Falls Area Chamber of Commerce  
Grand Rapids Area Chamber of Commerce  
Greater Mankato Growth  
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 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 Products Association  
Minnesota AgriGrowth Council  
Minnesota Association of Convention and Visitors Bureaus  
Minnesota Association of Public Accountants  
Minnesota Automobile Dealers Association  
Minnesota Bankers Association  
Minnesota Beverage Association  
Minnesota Business Partnership  
Minnesota Chamber of Commerce  
Minnesota Chamber of Commerce Executives

Minnesota Child Care Association  
Minnesota Contractors of the National Electrical  
Contractors Association  
Minnesota Crop Production Retailers  
Minnesota Drywall & Plaster Association  
Minnesota Environmental Contractors Association  
Minnesota Floorcovering Contractors Association  
Minnesota Forest Industries  
Minnesota Grocers Association  
Minnesota Mechanical Contractors  
Minnesota Milk Producers Association  
Minnesota Nursery & Landscape Association  
Minnesota Painting and Wallcovering Employers 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 Technology Association  
Minnesota Telecom Alliance  
Minnesota Trucking Association  
Minnesota Utility 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  
Printing Industry Midwest  
Redwood Area Chamber & Tourism  
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  
The Chamber Grand Forks & East Grand Forks  
The Independent Community Bankers of Minnesota  
Thermal Insulation Contractors Association  
Tri-State Manufacturers' Association  
Twin Cities North Chamber of Commerce  
Waconia 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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