

Property tax relief:

Make Minnesota more competitive for economic growth

MINNESOTA
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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.

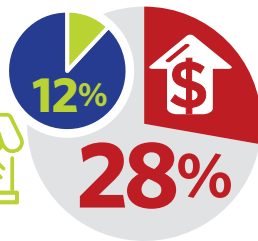
Businesses are required to pay state property tax in addition to local property taxes.

- 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 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 2.0% 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 S.F. 3706

To reduce and phase out the regressive state business tax levy and 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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