



Date: 1/16/2025

To: Senate Taxes Committee

From: Property Tax Division, Department of Revenue

RE: Complexities of Unitary Valuation Framework

Property tax in Minnesota is based on a property's estimated market value. Each property owner pays their share of the local jurisdiction's levy based on the property's estimated market value and tax capacity rate.

The department determines the market value of utility, pipeline, and railroad operating property, using unitary valuation. Unitary valuation means we value all of the operating property working together as an integrated unit. We do not value each asset individually.

We follow Minnesota Rules 8100 for valuing utility and pipeline operating property and Minnesota Rules 8106 for valuing railroad operating property. The existing property valuation process under Rules 8100 and 8106, while rigorous and well-supported, is also complex and fact intensive. This complexity and heavy reliance on multiple categories of case-specific facts can result in appraisals of the same property that starkly differ, despite the good-faith efforts of different appraisers. This then invites appeals and litigation, which creates additional costs and uncertainty for all stakeholders.

If a company disagrees with the department's determination of its market value, it can request an administrative appeal with the department or file a Tax Court petition.

For the 2024 assessment year, 29% of the companies administratively appealed 88% of the total taxable market value of operating property.

Learn More

Visit our [Utility and Pipeline Property Administration webpage](#) and our [Railroad Property Administration webpage](#) to learn more.

Utility and Pipeline:



Current System Overview:



Railroad:

