

PROPERTY TAXES

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Property Taxes

- Timeline
- Exemptions
- Classifications
- Property Tax Calculation
- Credits / Exclusions
- State General Levy

Terminology

- **Estimated Market Value (EMV)** – the likely sale price based on comparison of similar properties in a competitive and open market.
- **Taxable Market Value (TMV)** – amount of value used in calculating property taxes, after subtracting exclusions or deferrals.
- **Referendum Market Value (RMV)** – market value of all taxable property except agricultural property, cabins, and post-secondary student housing.
- **Classification** – designation given to property according to its use.
- **Class Rate** – rate assigned to each class of property.
- **Net Tax Capacity (NTC)** – a property's **NTC** is calculated by multiplying property's **TMV** by its class rate.
- **Levy** – amount of property taxes collected by taxing jurisdiction.

Property Tax Administration

Taxing Jurisdictions:

- Counties
- Cities
- School Districts
- Special Taxing Districts – section 275.066

County Tax Officials:

- Assessor – values property, determines classification.
- Auditor – calculates rates, computes tax, prepares TNT notice.
- Treasurer – mails tax statements, collects & distributes tax.

Property Tax Timeline

- Property taxes follow a two-year cycle.
- Property taxes paid in 2025 are based on valuations set on January 2, 2024.

2024	
January	Assessments Made
March	Valuation Notices Mailed
April	Local Board of Appeal
June	County Board of Appeal
September	TNT Certifications
November	TNT Mailed to Owners & Hearings
December	Final Levies Adopted

2025	
January	Tax Rates Computed
March	Statements Mailed
May	1 st half tax payment due
October	2 nd half tax payment due
November	2 nd half tax payment due (agricultural property)

Exemptions

- Constitutional Exemptions

- Article X, Section 1

- Statutory Exemptions

- Section 272.02

- Temporary vs. ongoing

- Ownership and use determine whether exemption is appropriate.

Type	Value (\$ millions)
K-12 Schools	22,041
Municipal Property	18,404
Colleges	12,169
Church Properties	9,827
Forests, Parks, and Wildlife Refuges	8,024
County Property	7,162
Hospitals	6,518
Charitable Institutions and Nonprofits	5,449
State Property	5,172
Special Taxing Districts	3,677
Federal Property	2,384
American Indian Reservation and Tribal Owned Property	2,304
PILT	1,331
Cemeteries	833
Other	429
Agricultural	423
TOTAL	106,147

Exemptions – Recent Changes

2023

- Extended parcel-specific tribal-owned property exemption.
- Established exemption for parcel-specific elderly living facility.
- Exempted parcel-specific school property.

2021

- Established parcel-specific exemption for tribal-owned property.

2019

- Modified agricultural historical society exemption.
- Established exemption for licensed child care facilities.

Classifications

- Property is classified according to its use on January 2nd.
- Classifications – M.S. 273.13
- Five basic classifications and several subclasses.
- Classification determines class rate.
 - Class rates set by legislature.

Classifications

Five Basic Classes:

- Residential
- Agricultural
- Apartments
- Commercial
- Other



Classification Rates for Assessment Year 2025

Class	Description	Tiers	Class Rate	State General Rate
1a	Residential Homestead	First \$500,000 Over \$500,000	1.00% 1.25%	N/A
1b	Homestead of Persons who are Blind/Disabled [classified as 1a or 2a] [classified as 1a or 2a]	\$50,000 - \$50,000 Over \$500,000	0.45% 1.00% 1.25%	N/A
1c	Homestead Resort	First \$600,000 Over \$600,000	0.50% 1.00%	N/A
1d	Housing for Seasonal Workers	\$2,300,000 Over \$2,300,000	1.25% 1.00%	1.25% N/A
2a	Agricultural Homestead - House, Garage, 1 Acre (HGA)	First \$500,000 Over \$500,000	1.00% 1.25%	N/A
2a/2b	Agricultural Homestead - First Tier	Over \$500,000	0.50%	N/A
2a/2b	Farm Entities Remaining First Tier	****TBD 2025***	0.50%	N/A
2a	Agricultural - Non-Homestead or Excess First Tier	Unused First Tier	1.00%	N/A
2b	Rural Vacant Land		1.00%	N/A
2c	Managed Forest Land		0.65%	N/A
2d	Private Airport		1.00%	N/A
2e	Commercial Aggregate Deposit		1.50%	N/A
3a	Commercial/Industrial/Utility (not including utility machinery)	First \$150,000 Over \$150,000	2.00% 2.00%	2.00% N/A
	Electric Generation Public Utility Machinery		2.00%	2.00%
	All Other Public Utility Machinery		2.00%	2.00%
	Transmission Line Right-of-Way		1.25%	N/A
4a	Residential Non-Homestead 4+ Units		1.25%	N/A
4b(1)	Residential Non-Homestead 1-3 Units		1.25%	N/A
4b(2)	Unclassified Manufactured Home		1.25%	N/A
4b(3)	Agricultural Non-Homestead Residence (2-3 units)		1.25%	N/A
4b(4)	Unimproved Residential Land		1.00%	N/A
4bb(1)	Residential Non-Homestead Single Unit	First \$500,000 Over \$500,000	1.25% 1.00%	N/A
4bb(2)	Agricultural Non-Homestead Single Unit - (HGA)	First \$500,000 Over \$500,000	1.25% 1.00%	N/A
4bb(3)	Condominium Storage Unit	First \$500,000 Over \$500,000	1.25% 1.00%	N/A
4c(1)	Seasonal Residential Recreational Commercial (resort)	First \$500,000 Over \$500,000	1.25% 1.25%	1.25% N/A
4c(2)	Qualifying Golf Course		1.50%	N/A
4c(3)(i)	Non-Profit Community Service Org. (non-revenue)		1.00%	N/A
	Congressionally Chartered Veterans Organization (non-revenue)		1.50%	1.50%
4c(3)(ii)	Non-Profit Community Service Org. (donations)		1.00%	1.00%
	Congressionally Chartered Veterans Organization (donations)		1.25%	N/A
4c(4)	Post-Secondary Student Housing		0.75%	N/A
4c(5)(i)	Manufactured Home Park		1.00%	N/A
4c(5)(ii)	Manufactured Home Park (>50% owner-occupied)		1.00%	N/A
4c(5)(iii)	Manufactured Home Park (50% or less owner-occupied)		1.25%	N/A
4c(6)	Class 1 Manufactured Home Park		1.50%	N/A
4c(7)	Metro Non-Profit Recreational Property		1.50%	N/A
4c(8)	Certain Non-Comm. Aircraft Hangars and Land (leased land)		1.25%	N/A
4c(9)	Certain Non-Comm. Aircraft Hangars and Land (private land)		1.25%	N/A
4c(10)	Bed & Breakfast		1.00%	N/A
4c(11)	Seasonal Restaurant on a Lake		1.25%	N/A
4c(12)	Marina	First \$500,000 Over \$500,000	1.00% 1.00%	0.40% 1.00%
	Seasonal Residential Recreational Non-Commercial	First \$76,000 \$76,000 - \$500,000 Over \$500,000	1.25% 0.25% 0.75%	1.25% N/A N/A
4d(1)	Low Income Rental Housing (Per Unit)		2.00%	2.00%
4d(2)	Homestead Community Land Trust (Per Unit)		2.00%	N/A
5(1)	Unmined Iron Ore and Low-Grade Iron-Bearing Formations			
5(2)	All Other Property			

Classifications – Recent Changes

2023

- **Class 4d(1) - Low-Income Rental** (eliminated tiers, required local approval & report, set rate at .25%)
- **Class 4d(2) - Community Land Trust** (established & set rate at .75%)
- **Class 2a - Ag Homestead** (increased first-tier limit)

2021

- **Class 4d(1) - Low-Income Rental** (decreased first tier limit)

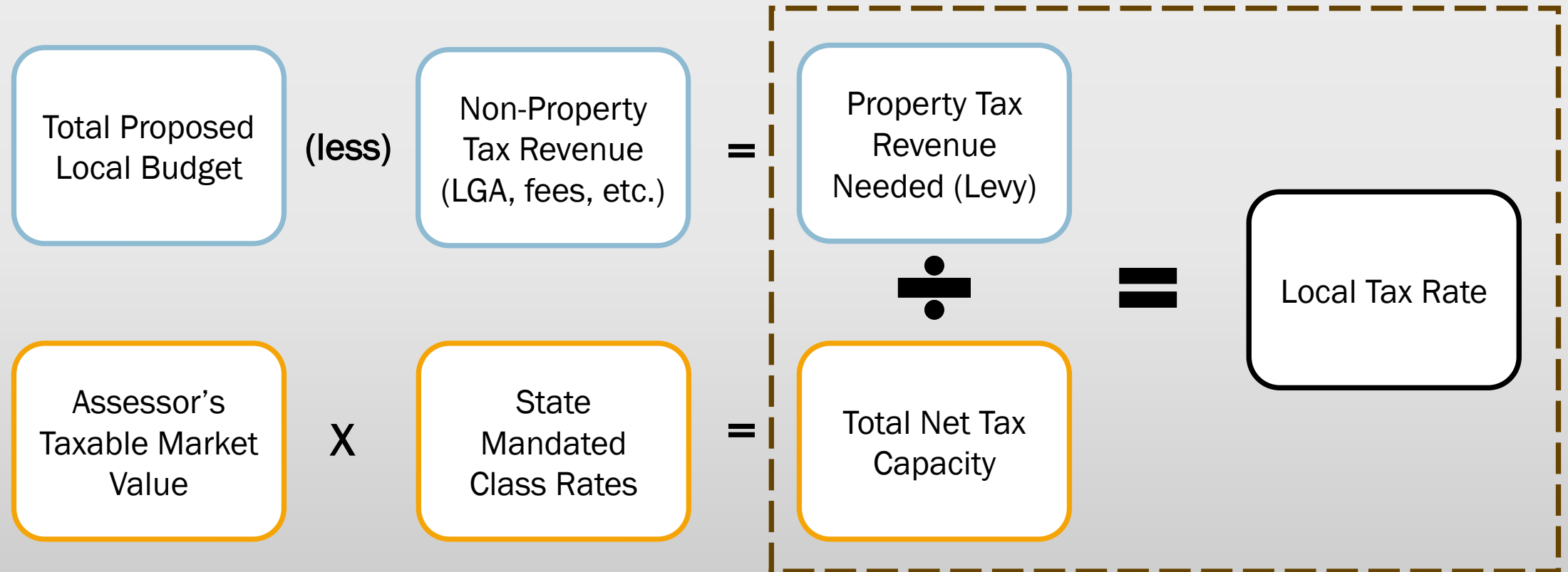
2020

- **Class 4b(1) - Short-Term Rental** (modified / established, set rate at 1.25%)

Tax Capacity

- Net Tax Capacity (NTC)
 - All property types
 - Levies: state, counties, cites, school districts, townships, special taxing districts.
 - $(\text{Total Levy})/(\text{Total NTC}) = \text{Local NTC Tax Rate \%}$
- Referendum Market Value (RMV)
 - Excludes agricultural, seasonal recreational, and student housing.
 - Levies: School operating levies
 - $(\text{Total Referendum Levy})/(\text{Total Referendum EMV}) = \text{Local RMV Tax Rate \%}$

Property Tax Calculation



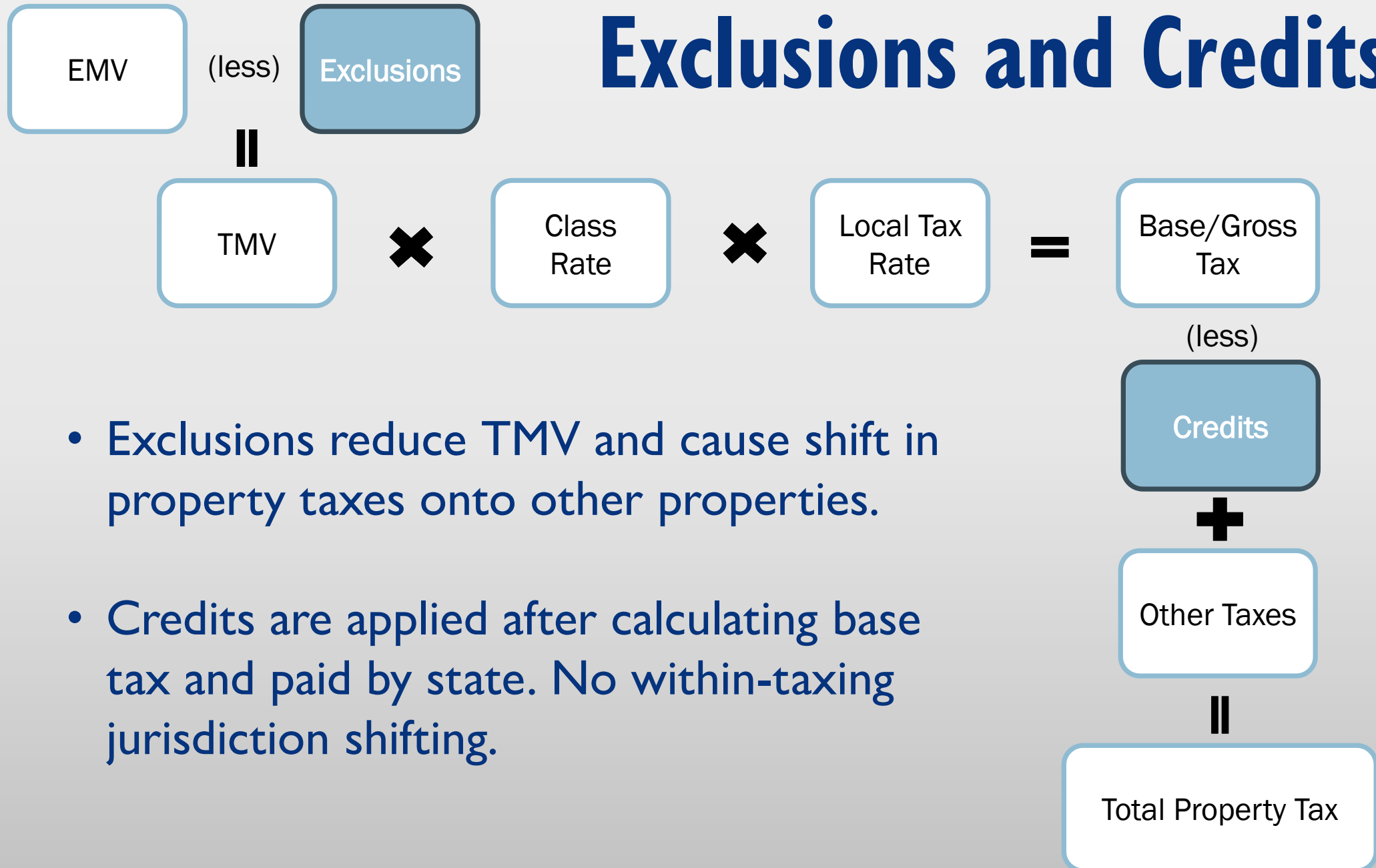
Exclusions

- Excludes a portion of a property's market value from taxation; results in tax shift.
- Homestead Market Value Exclusion
 - 2023: Increased max exclusion amount to \$38k for properties valued at \$95k; no exclusion for properties over \$517,200.
- Market Value Exclusion for Veterans with a Disability
 - 2020: Allowed surviving spouse to make one-time transfer of Market Value Exclusion for Veterans with a Disability.
 - 2019: Established potential lifetime benefit for surviving spouse.

Credits

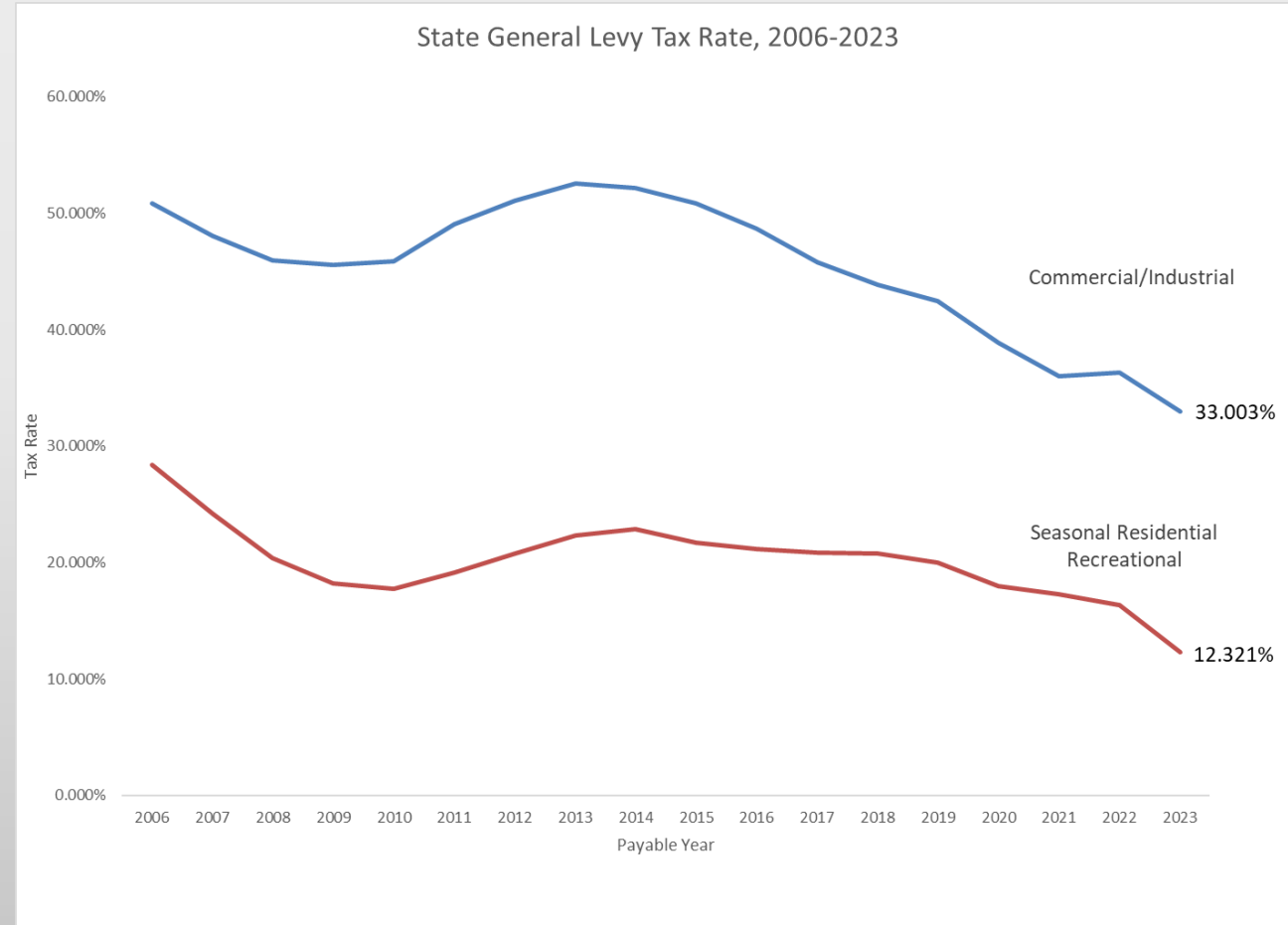
- M.S. 273.1393- Applied after calculating gross tax.
- Reimbursed by state to local taxing jurisdictions.
- Pay 2024:
 - Agricultural Homestead Market Value Credit, \$37 million
 - School Building Bond Agricultural Credit, \$109 million
 - Disparity Reduction Credit, \$13 million
 - Taconite Homestead Credits, \$17 million

Exclusions and Credits



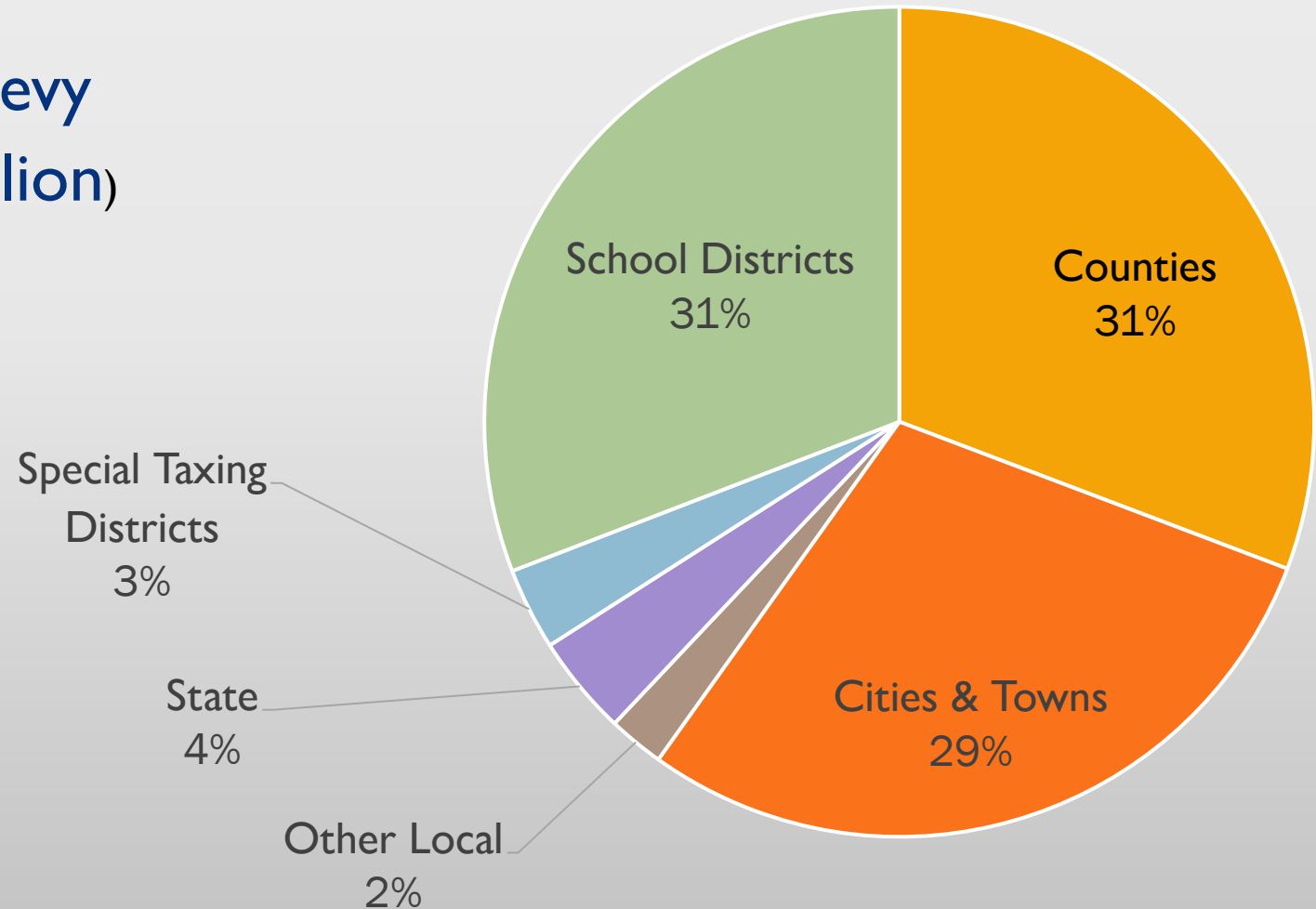
State General Levy

- State property tax paid by:
 - Commercial/Industrial (C/I)
\$716,990,000
 - Seasonal Residential Recreational (SRR)
\$41,690,000
- C/I Property: first \$150,000 of C/I market value is excluded.
- SRR (cabins: only 40 percent of first \$76,000 of market value subject to tax.
- Counties collect tax; proceeds deposited in General Fund.
- 2021, 2019, 2017: Levy amount decreases.
- 2017: Removed annual inflationary increase, separated base amounts.



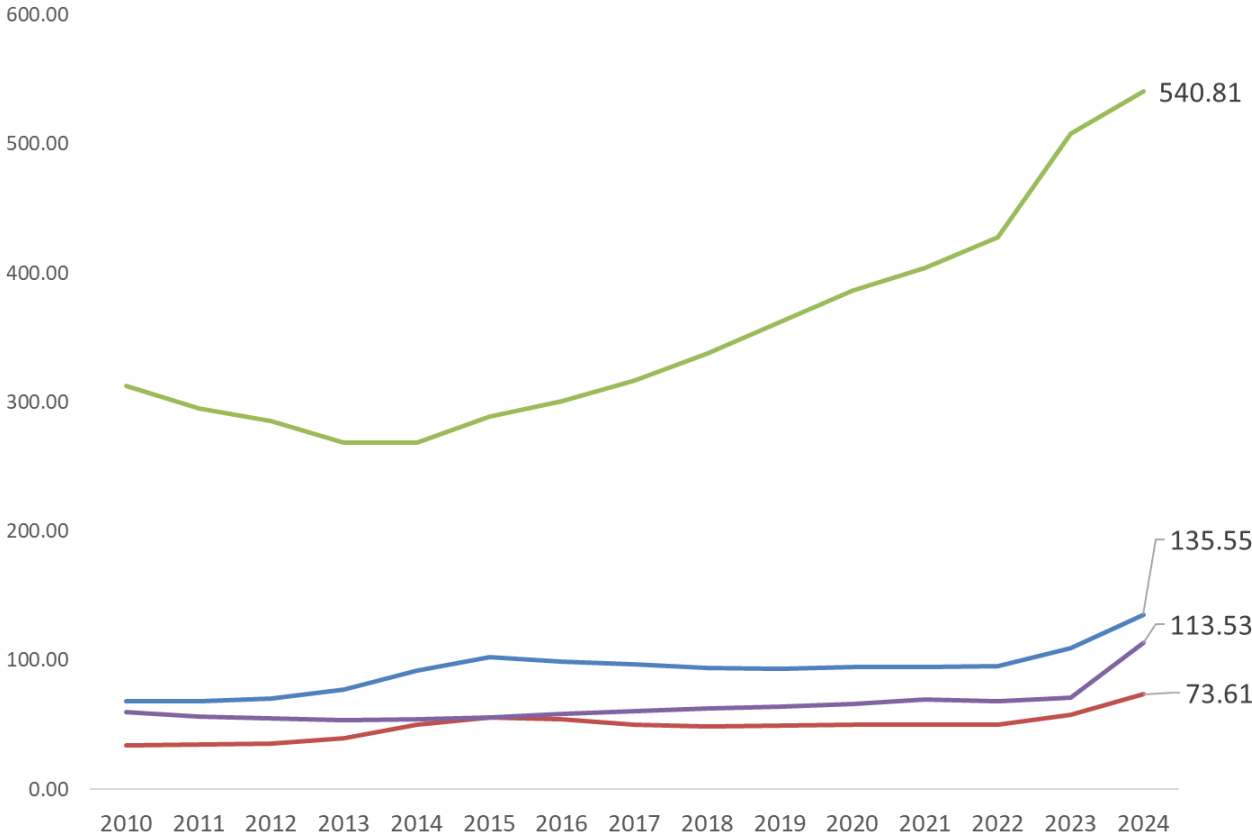
Property Tax Levies – Payable 2024

Pay 2024 Final Levy
(Total = \$12.9 billion)

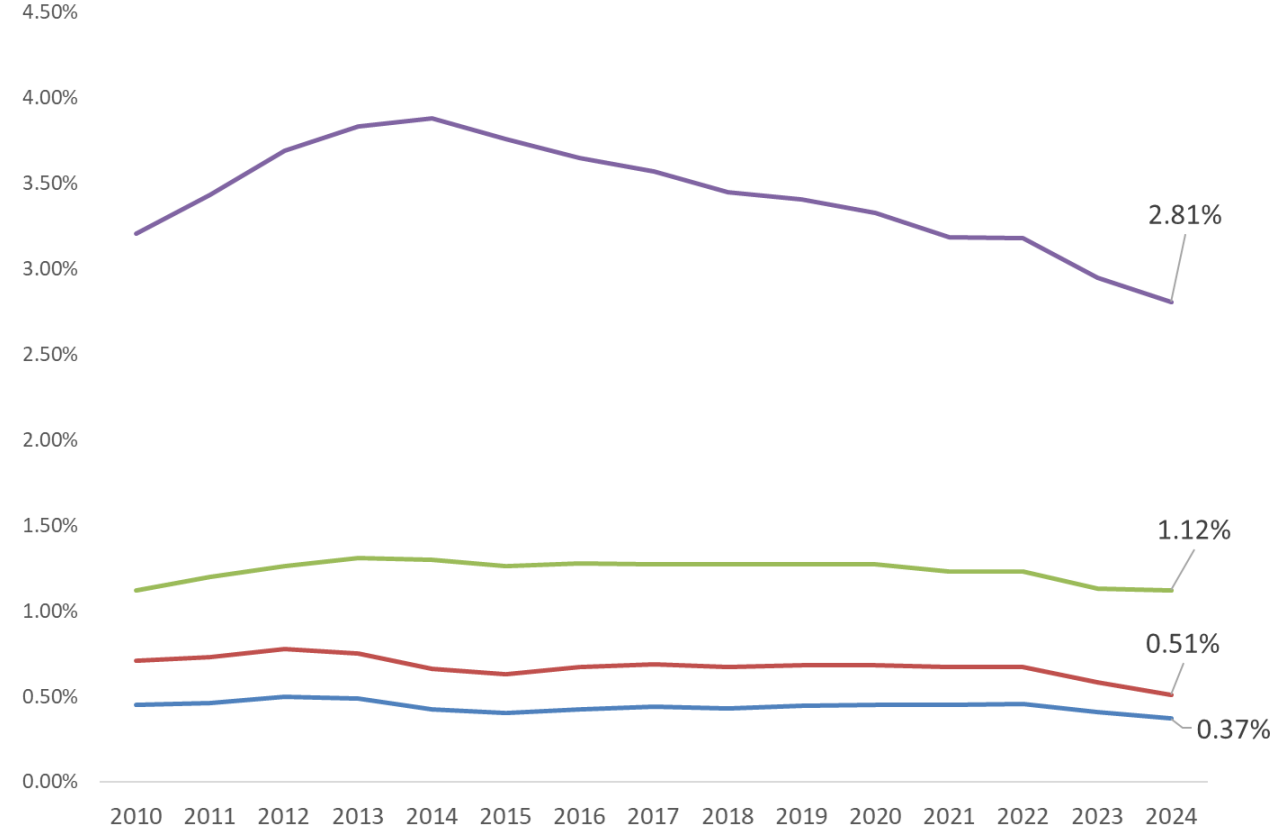


EMV and Effective Tax Rates, 2010-2024

Estimated Market Value (EMV) Over Time (\$ billions)



Effective Tax Rates Over Time



— Ag Homestead — Ag Non-Homestead — Residential Homestead — C/I

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