DEPARTMENT OF REVENUE

2025 Property Values and Assessment Practices Report

Assessment Year 2024

Property Tax Division

March 1, 2025

Per Minnesota Statutes, section 3.197, any report to the Legislature must contain, at the beginning of the report, the cost of preparing the report, including any costs incurred by another agency or another level of government.

This report cost $6,360.

March 1, 2025

To Members of the Legislature of the State of Minnesota:

I am pleased to present to you this report on property values and assessment practices in Minnesota, the 23rd annual version of this report. Since 2012, this report has been combined with the annual report related to agricultural properties and Green Acres, satisfying the requirements of both Minnesota Statutes, section 273.1108, and Minnesota Laws 2001, First Special Session, chapter 5, article 3, section 92.

This report provides a summary of assessed property values and assessment practices in Minnesota, with an emphasis on market values for 2a agricultural and 2b rural vacant land properties, and Green Acres value methodology and determinations.

Sincerely,

Paul Marquart
Commissioner
Minnesota Department of Revenue

600 N. Robert St., St. Paul, MN 55146
www.revenue.state.mn.us

An equal opportunity employer
This material is available in alternate formats.

Table of Contents

Introduction

This is the 23rd annual report to the Minnesota Legislature on property tax values and assessment practices in the state. The Legislature mandated this report from the Minnesota Department of Revenue in 2001. Since 2012, this report has been combined with the annual report about agricultural properties and Green Acres, satisfying the requirements of both Minnesota Statutes, section 273.1108, and Minnesota Laws 2001, First Special Session, chapter 5, article 3, section 92.

As required by those mandates, this report contains:

- Information by major types of property on a statewide basis and at various jurisdictional levels
- Recent market value trends
- Trend analysis of excluded market value
- Assessment quality indicators, including sales ratios and coefficients of dispersion for counties
- A summary of State Board Orders issued in 2024
- Green Acres value methodology and determinations
- Assessment and classification practices for class 2a agricultural and 2b rural vacant land property

This report provides an accurate description of the current state of property tax assessment and an overview of the department's responsibility to oversee the state's property tax assessment process. This report collects property value data for the purpose of monitoring and analyzing underlying value trends and assessment quality. This information and analysis informs government officials and the public about valuation trends within the property tax system.

Data Sources

The data for the assessment practices report is gathered through data submissions from all 87 counties in Minnesota. The data used in this report for assessment year 2024 is from the PRISM 2 files, submitted on September 1, 2024.

Historical data is gathered from PRISM 3 submissions, submitted on April 1 of the taxes-payable year. The April 1 file may reflect minor changes to taxable market value that occur between September 1 and December 31, such as properties that become exempt or non-homestead properties converting to homestead. Prior to the 2021 Assessment Practices Report, all data used was from PRISM 2 submissions, and therefore may cause small differences when comparing data to earlier reports.

Overview of the Minnesota Department of Revenue's Role

Property taxes are an important source of revenue for all local units of government in Minnesota, including counties, cities, townships, and school districts. The primary responsibility of the department's Property Tax Division is to ensure fair and uniform administration of, and compliance with, state property tax laws.

The Property Tax Division measures compliance with property tax laws through:

- The State Board of Equalization ensures that property owners pay their fair share – no more and no less. The Department of Revenue, acting as the State Board of Equalization, has the authority to increase or decrease assessed market values to bring about equalization.
- Promotion of uniformity of administration among the counties to ensure that each taxpayer will be treated in the same manner regardless of where the taxpayer lives.

- Delivery of accurate and timely aid calculations, certifications, and actual aid payments.
- Education and information for county officials, including technical manuals, bulletins, answers to specific questions, and courses taught by division staff. These offerings provide county officials the support and training necessary to administer property tax laws equitably and uniformly.

The classification system is another part of the Minnesota Department of Revenue's efforts to measure assessment quality. The sales ratio study and State Board of Equalization use property classifications to study value trends and accuracy of assessors' valuations. For the purposes of this report, the department has focused on the following major classification types:

- Residential
- Seasonal recreational residential (non-commercial)
- Apartments
- Commercial
- Industrial
- Agricultural and rural vacant land

Estimated Market Values and the Sales Ratio Study

Minnesota law requires that all property be valued at its market value. For property tax assessment purposes, the market value is rounded to the nearest $100. Assessors are required to determine the value of the land, the value of the structures and improvements to the land, and the resulting total market value.

The “market value” used for property tax purposes is the “open market value,” which is the price a property would sell for under typical, normal, and competitive conditions. It is also called the estimated market value (EMV). The most common method to determine EMVs is the comparable sales approach.

To evaluate the accuracy and uniformity of assessments within the state (and to ensure compliance with property tax laws), the Minnesota Department of Revenue conducts annual **sales ratio studies**. These studies measure the relationship between appraised values and the actual sales price.

Sales Used for the 2024 Assessment Year

The number of total sales and the number of good sales decreased between the 2022 and 2023 sales ratio study years. The data comes from sales that occurred October 1, 2022 - September 30, 2023.

There were 109,375 Certificates of Real Estate Value (CRVs) received in the 2023 sales ratio study for the 2024 State Board of Equalization. Of these, 67,893 were considered good, current-year, open-market sales. This was a decrease in the number of sales and good sales from the previous year (145,144 sales, 91,191 of them good sales), and also marked a decrease in the percentage of good sales compared to overall sales (62.1% compared with 62.8% last year).

Analysis of Sales Impacting Market Value Changes

Sales ratio studies measure the relationship between appraised values and the actual sales price. A sales ratio is the assessor’s estimated market value of a property divided by its actual sales price, as listed here:

$$\textit{Sales Ratio} = \frac{\textit{Assessor's Estimated Market Value}}{\textit{Sales Price}}$$

Equation 1

For example, assume a home was valued by the assessor at $300,000. The home sold for $320,000. The sales ratio would be calculated as follows:

$$\textit{Sales Ratio} = \frac{\$300{,}000}{\$320{,}000} = 95\%$$

2024 Assessment Quality and Sales Ratio Studies on EMVs

The two primary measures of assessment quality are the sales ratio and the coefficient of dispersion (COD).[1]

Sales ratios measure the **level of assessment** (how close appraisals are to market value on an overall basis). For the 2023 sales ratio study (for the 2024 assessment), the statewide median sales ratios for all property types were in the acceptable targeted range of 90% to 105%.

Coefficients of dispersion measure the **uniformity of assessment** (how close individual appraisals are to the median ratio and each other). The lower the COD, the more uniform the assessments. A high coefficient suggests a lack of equality among individual assessments, with some parcels being assessed at a considerably higher ratio than others. Note that property types with smaller sample sizes tend to have lower sales ratios and higher CODs. This is an area of concern with smaller sales samples.

Assessment quality decreased between the 2022 and 2023 sales ratio studies (for assessment years 2023 and 2024). Sales ratios improved for all other property types, and the COD of all property types except for agricultural/rural vacant land decreased (improved).

See Appendix A for the median sales ratios and CODs by property type.

State Board Orders

The State Board of Equalization issues corrective orders when the median sales ratio for a property type is outside the 90% to 105% acceptable range. Eight counties were issued State Board Orders for the 2023 sales ratio study, a decrease from the 2022 study. This included both fewer districts with orders as well as fewer countywide orders.

The Minnesota Department of Revenue's appraisal staff works with assessors to identify areas of concern for future assessments to help avoid State Board Orders. These issues usually fall into three categories:

1. Low sales ratios in areas with a history of few sales
2. Sales ratios near the 90% to 105% range boundaries
3. Areas with uniformity concerns

See Appendix A for a list of 2024 State Board Orders by county and Appendix B for a detailed explanation of sales ratio studies used for these board orders.

[1] As a general rule, sales ratios and coefficients of dispersion are more accurate in classes with more sales activity because a larger sales sample is more likely to reflect the range of values for all properties in the jurisdiction.

Statewide Change in Value by Property Type

Methods of Examining Value

Each section will examine how EMV changed for the 2024 assessment year, generally expressing this change as a percentage change from the same value in the 2023 assessment year. To do so, we will use two different types of EMV: nominal EMV and constant class (CC) EMV.

Nominal EMV is the amount of assessed value that is classified and categorized as each property type. This can change based on values for that property increasing or decreasing, existing properties changing from one type to another, or construction or destruction of properties of that type.

CC EMV is nominal EMV **without** considering classification changes and does not factor in new construction or destruction of improvements. CC EMV numbers are estimates that depend on the quality of data submitted, and therefore are not as accurate as nominal EMV. Nonetheless, CC EMV can be helpful as it shows how values of different property types are increasing or decreasing without undergoing changes.[2]

These figures are compared across the major property types, determined by classification and other data submitted by counties. These property types are:

- Agricultural and rural vacant homestead land[3]
- Agricultural and rural vacant non-homestead land[3]
- Seasonal residential recreational non-commercial (SRR)
- Residential
- Apartments (including low-income housing)
- Commercial
- Industrial

"Homestead" is a status that indicates the property owner or a qualifying relative uses the property as their primary residence. Agricultural property may still receive homestead if it is unoccupied if certain conditions are met and the farmer is the owner, a qualifying relative, or an entity the owner is a part of. Many charts will group both homestead and non-homestead agricultural land and residential property together. This is because data for 2024 is based on preliminary PRISM 2 files, meaning that some properties are reported as non-homestead initially but receive homestead status later in the year. Looking at prior reports, we see that homestead and non-homestead numbers generally converge when the final PRISM 3 is submitted.

Comparing to Previous Years

The past three assessment years have unique trends: 2021 was the first assessment year after the COVID-19 pandemic, while 2022 and 2023 saw the largest increases in market value since at least 2005 in residential and agricultural property, respectively. In the 2022-2024 Assessment Practices Reports, we

---

[2] Example: a residential home was valued at $200,000 in AY2020. During 2020 they built a new garage. For AY 2021, the house was valued at $220,000 and the garage valued at $30,000, bringing the total value to $250,000. Nominal EMV would show a 25% increase (from $200,000 to $250,000), while CC EMV would show a 10% increase (the increased value of the house from $200,000 to $220,000).

[3] "Agricultural land" and "agricultural and rural vacant land" will be used interchangeably throughout the report.

used the average change of EMV from the 2016-2020 assessments to serve as a pre-pandemic baseline to contextualize the large changes in EMV during those assessments. At this point, we will revert to comparing to previous individual assessment years from 2020-2024, with 2020 still serving as a baseline assessment before the large swings in the market after the COVID pandemic.

Statewide Trends in 2024

The 2024 assessment had lower increases in statewide EMV than last year for all property types examined in the report. Residential property had the lowest increase in EMV since 2013, apartments the lowest since 2011, and commercial the second lowest since 2013 after decreasing in 2021. Agricultural/rural vacant land, SRR, and industrial property all saw lower EMV increases than 2023 and 2022, but higher or similar compared to 2021. Despite agricultural/rural vacant land increasing by only a third of the change in 2023, it again saw the largest statewide increase due to slower growth among other property types. Lastly, the EMV of the "All other" category increased more than in 2023, predominantly due to a 15.1% increase in personal property along with larger increases in public utility and railroad property compared to prior years.

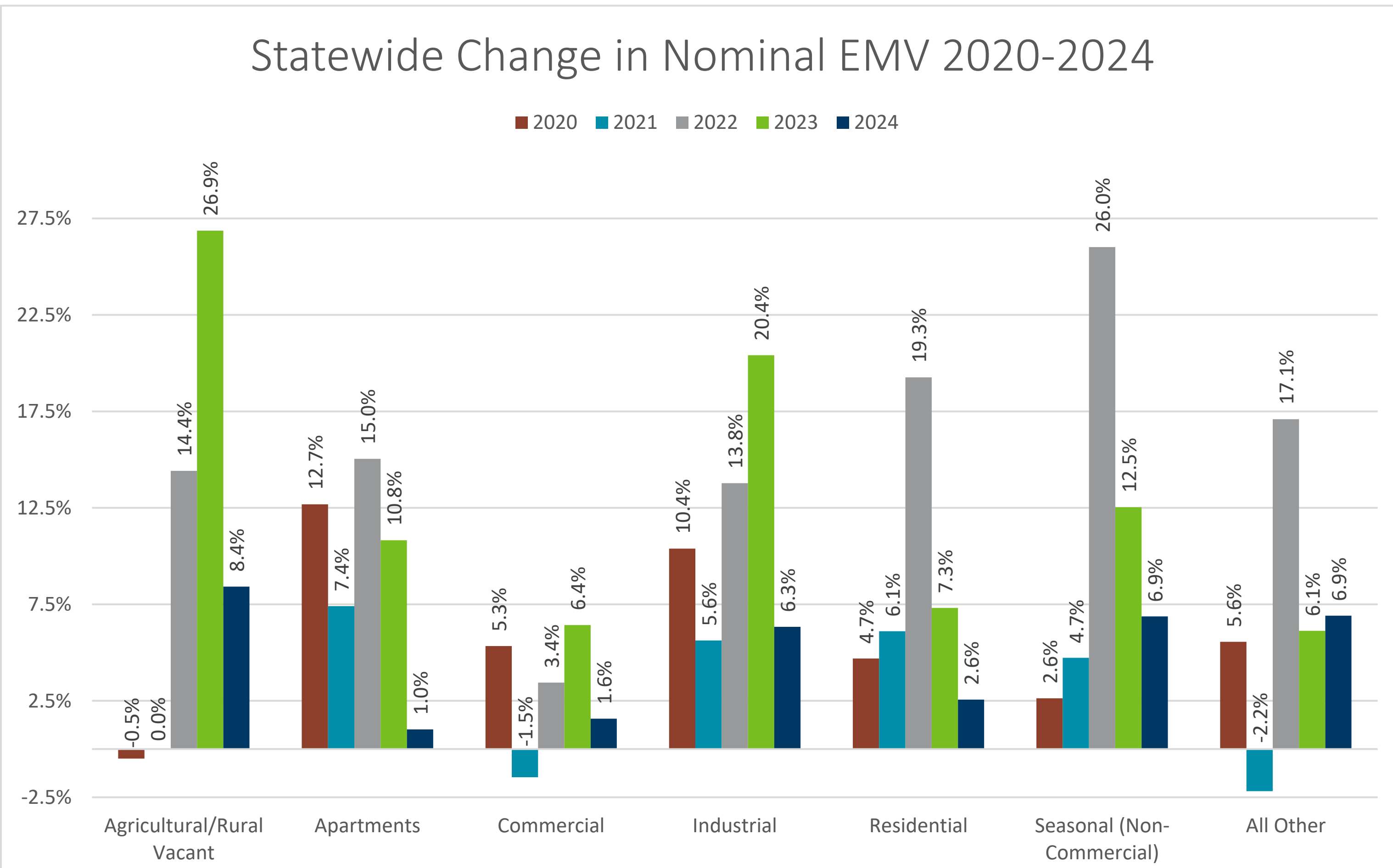


Chart 1

Across all property types, statewide EMV increased by 3.9%, the smallest increase since 2016, as reflected on Table 1. This is following some of the largest increases in 2022 and 2023, and is much more in line with increases in 2021 and before.

Statewide Change in Nominal EMV by Year										
Assessment Year	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Change	11.9%	11.3%	6.5%	0.7%	-1.7%	-4.2%	-1.8%	-1.1%	5.2%	7.9%
Assessment Year	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Change	2.9%	3.0%	4.5%	5.3%	5.4%	4.5%	4.1%	17.0%	11.2%	3.9%

Table 1

Statewide CC EMV increased at the lowest rate since at least 2017, largely due to the small increases in residential and commercial property and the decrease in apartment property. CC EMV generally shows smaller increases for all property types except for agricultural land. This is likely because there is not new construction and less class conversions to consider. "All other" increased more compared to nominal EMV, again due to increases in personal property and public utility values.

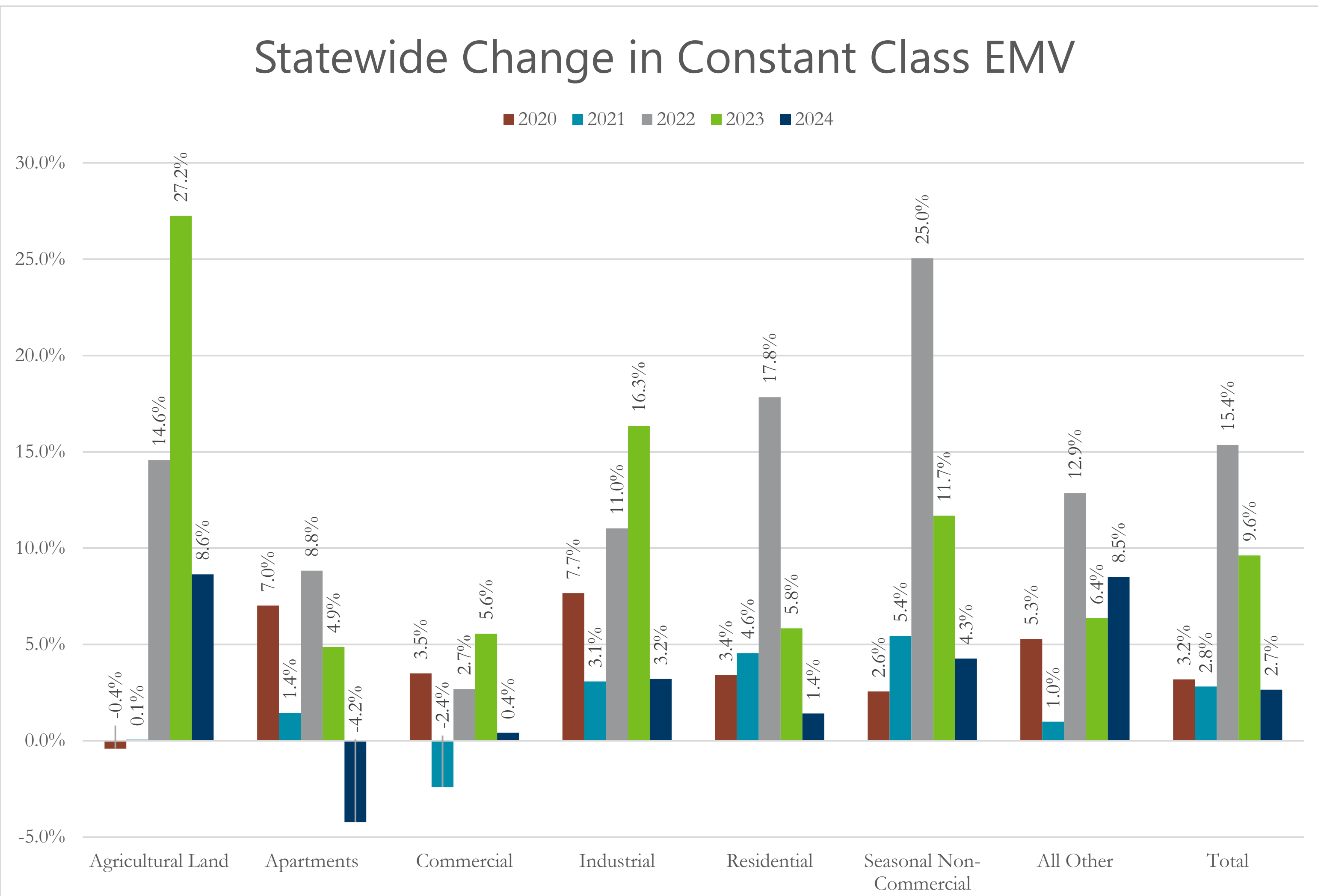


Chart 2

Regional Trends in 2024

Previously, we examined trends within three regions: the seven-county Metro area, cities with a population over 20,000 outside the Metro, and the rest of Greater Minnesota. For this year's assessment practices report, we will use the Voss regions (map in the appendix), which breaks up the state into 20 regions- 10 in the seven-county metro area, and 10 from Greater Minnesota. This allows us to provide a more detailed picture of the trends within the Metro and especially within Greater Minnesota, given that markets and trends vary widely across the state.

Examining the percent change in EMV within the 10 Voss regions in Greater Minnesota (Table 2), we see a 10-percentage point range of increases for EMV in 2024, all of which are smaller than the increases in 2023. For the highest two- Northwest/Headwaters at 12.3% and West Central at 11.2%- this represents a decrease from 2023 of only a few percentage points. On the low end, EMV in East Central increased 2.1%, almost 11 percentage points lower than the 2023 increase. Last year's highest increase, Southwest, was the third lowest in Greater Minnesota regions, a shift of over 30 percentage points.

Percent Change in Total EMV in Greater Minnesota Voss Regions					
Region *2024 Regional EMV (in millions)*	**2020**	**2021**	**2022**	**2023**	**2024**
Arrowhead *$55,572*	3.7%	4.3%	20.9%	10.2%	7.4%
Central *$72,501*	5.7%	6.0%	19.2%	12.5%	2.9%
East Central *$28,670*	6.8%	7.4%	24.3%	13.0%	2.1%
Minnesota Valley *$48,273*	1.6%	1.7%	15.5%	22.3%	6.9%
North Central *$46,168*	4.1%	6.4%	28.2%	13.8%	6.2%
Northwest/Headwaters *$42,138*	3.2%	2.8%	20.5%	15.1%	12.3%
South Central *$59,140*	0.4%	2.2%	15.8%	21.8%	5.5%
Southeast *$100,024*	4.0%	4.2%	15.6%	12.3%	5.9%
Southwest *$49,058*	0.0%	1.0%	16.5%	33.4%	3.2%
West Central *$64,439*	3.1%	2.7%	16.0%	14.7%	11.2%

Table 1

In the 10 Metro Voss regions, EMV changes are generally lower compared to 2023. Metro regions had smaller EMV increases in 2023 than in Greater Minnesota, with 10+ percentage point decreases that also occurred in several of those regions. The largest increase is only a 4.9% increase in Carver/Scott, which is similar to the lowest increases in 2023 from Minneapolis, Saint Paul, and Southeast Hennepin. All other regions had increases lower than 3%, with Minneapolis EMV decreasing by 2.7% and Washington EMV increasing by less than a hundredth of a percent.

Overall, Greater Minnesota has generally larger increases in EMV compared to the Metro area since the 2022 assessment. This trend is a reversal from 2020 and earlier where the Metro saw larger percentage increases. There has been some convergence, and certain regions have larger or smaller increases than others, but the trend of larger increases in Greater Minnesota has continued in 2024.

Percent Change in Total EMV in Metro Voss Regions					
Region *2024 Regional EMV (in millions)*	**2020**	**2021**	**2022**	**2023**	**2024**
Anoka *$55,514*	6.0%	6.7%	20.5%	6.6%	2.1%
Carver/Scott *$52,675*	5.2%	5.5%	20.7%	5.1%	4.9%
Dakota *$75,485*	5.4%	5.6%	16.5%	6.8%	1.7%
Minneapolis *$66,639*	5.3%	1.9%	6.5%	4.7%	-2.7%
North Hennepin *$50,853*	6.4%	6.3%	19.0%	6.9%	2.4%
Saint Paul *$36,028*	8.4%	2.9%	11.1%	4.7%	1.1%
Southeast Hennepin *$58,918*	4.0%	3.5%	12.4%	4.8%	2.2%
Southwest Hennepin *$74,975*	5.4%	3.9%	16.9%	8.3%	2.4%
Suburban Ramsey *$40,073*	6.4%	2.5%	13.6%	6.5%	2.7%
Washington *$53,537*	4.8%	5.0%	20.9%	11.0%	0.0%

Table 3

Agricultural Land

Agricultural land includes both agricultural and rural vacant land and is almost entirely located in Greater Minnesota (96.3% of total market value). As such, Table 4 shows the annual percentage changes in EMV of the Greater Minnesota Voss regions from 2020 through 2024. Each region is listed with the total EMV of the agricultural land in the region in millions of dollars, and agricultural land's percent of the region's total EMV.

Percent Change in Agricultural Land EMV in Greater Minnesota Voss Regions					
Region *2024 Agricultural EMV (in millions); percent share of region EMV*	**2020**	**2021**	**2022**	**2023**	**2024**
Arrowhead *$4,767; 8.6%*	-0.2%	0.4%	16.5%	11.0%	12.6%
Central *$9,169; 12.6%*	1.8%	2.8%	14.6%	19.2%	4.8%
East Central *$4,167; 14.7%*	4.0%	4.0%	23.8%	23.5%	1.5%
Minnesota Valley *$29,959; 62.1%*	-0.9%	-1.2%	15.3%	29.8%	7.6%
North Central *$6,640; 14.4%*	2.4%	2.2%	19.4%	18.2%	13.7%
Northwest/Headwaters *$19,048; 45.2%*	1.2%	0.8%	12.6%	18.9%	20.8%
South Central *$31,733; 53.7%*	-3.2%	0.0%	13.9%	33.1%	6.7%
Southeast *$32,266; 32.3%*	-0.8%	0.5%	14.2%	25.3%	6.6%
Southwest *$37,368; 76.2%*	-1.3%	-0.5%	16.8%	40.3%	2.4%
West Central *$23,611; 36.6%*	0.7%	-1.8%	11.7%	20.6%	18.6%

Table 4

Table 4 shows that almost all regions had a smaller increase in agricultural EMV compared to 2023, with eight having lower increases and six with increases that were at least 14 percentage points lower than the previous year. This includes the regions with the largest increases in 2023, as Southwest went from a 40.3% increase to an increase of only 2.4%, while South Central went from a 33.1% increase to a 6.7% increase. West Central and North Central had lower increases than in 2023 but only by 2% and 4.5% respectively, which led to agricultural land being the property type with the largest increases for these regions. Despite these drops, regions still had larger growth in 2024 than they had pre-2022.

In comparison, Arrowhead and Northwest/Headwaters saw higher increases in 2024 than 2023, the latter with a jump of over 20%, which is the second largest increases for any property type in any region for 2024[4]. These two regions comprise the northern part of the state, though they have very different tax

[4] The only regional EMV increase larger than this among the six main categories is a 20.8% increase in industrial EMV in the East Central region; however, this was only an increase of $54 million out of a total EMV of $28.4 billion as industrial property only makes up 1.1% of the region's total EMV.

bases, with agricultural land only making up 8.6% of the Arrowhead region's EMV compared to 45.2% of Northwest/Headwaters' EMV.

Indeed, in 2024 there was not a clear relationship between agricultural land share of regional EMV and the increase in EMV. Chart 3 maps this relationship, with the blue dots showing each region's change in agricultural land EMV plotted against the region's share of agricultural EMV for 2024, while the green dots show the same for 2023. The R^2 value for each trendline shows how well the trend fits the data. While we do not expect a definitive relationship between the two, the R^2 value can indicate how strong a linear relationship was between the two sets of data. Looking at 2024, the R^2 value is .01, indicating virtually no relationship. This is a change from 2023, where there was a much stronger correlation between a region's share of agricultural land EMV and its subsequent increase.

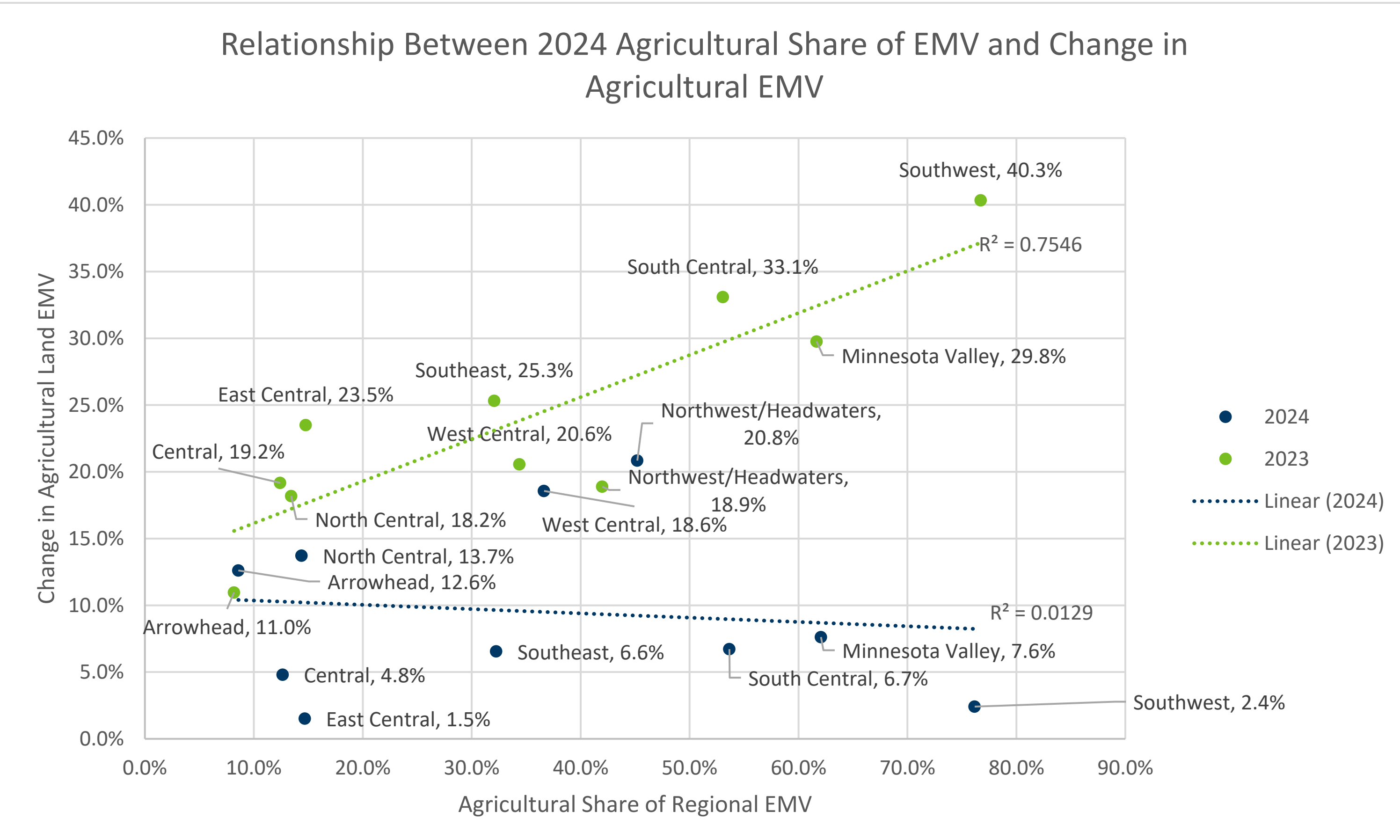


Chart 3

Another aspect of agricultural land to examine is the proportion of agricultural land receiving homestead vs. non-homestead land. Chart 4 shows the percent of acres of agricultural land that is homesteaded for each region from 2016-2024. For 2024, we know our data does not have the final homestead information, and thus is likely slightly higher than on the chart. Looking at the percentages, we see that Arrowhead is by far the lowest proportion of homesteaded land (14.5% in 2023). Given that 2b rural vacant land is also counted in this category and a property owner must have 2a agricultural land to qualify 2b land for homestead, it is possible that this region's lack of homestead property is a result of that lack of 2a agricultural land. Otherwise, East Central is the only other region under a 50% homestead share, having non-homestead agricultural land become the majority in 2023. Central has the highest proportion of homestead land (72.8% in 2023), while the Southwest has the largest amount of agricultural land and maintains just over a 60% share of homesteaded land since 2017.

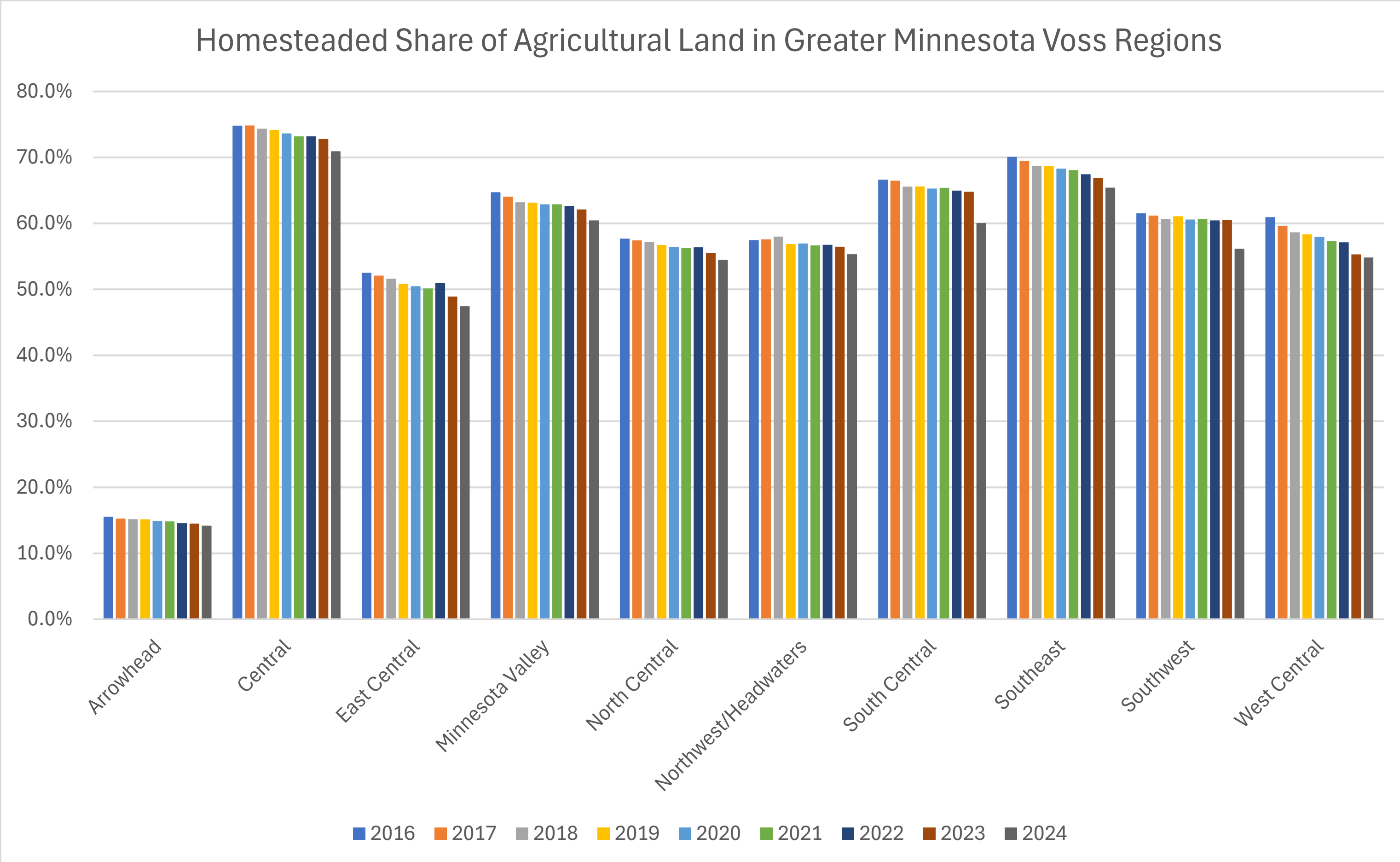


Chart 4

Looking at the overall trend of the proportion of homesteaded acreage, the share of homestead acreage[5] has moved slowly away from homesteaded land to non-homestead. This is not due to legislative or policy changes, as the only legislative changes during this time expanded the definition of what may qualify for agricultural homestead. Instead, the data suggests that fewer acres are qualifying for agricultural homestead. The proportions of homestead EMV to non-homestead EMV are virtually identical to acreage, though East Central has 8.9 percentage points more homestead EMV (56.4%) and Arrowhead 3.9 points (18.1%) in 2024. This means the homesteaded land is more valuable which could tie into the theory of these regions having more rural vacant land.

[5] Some of the ten regions discussed have between 0.1% and 1% of EMV missing the acreage from 2016-2024, with a maximum of 0.3% of total acres missing in 2024.

Apartments

The apartment category covers the 4a classification, which contains both apartments and non-exempt hospitals, along with low-income rental housing, manufactured home parks, post-secondary student housing, non-profit community service organizations, and congressionally chartered veterans organizations. Just over 80% of statewide EMV is in the Metro and apartments represent 10% of all Metro EMV, so we will focus on the trends in the Metro area.

Percent Change in Metro Apartment EMV

2020 Nominal EMV	2021 Nominal EMV	2022 Nominal EMV	2023 Nominal EMV	2024 Nominal EMV	2020 CC EMV	2021 CC EMV	2022 CC EMV	2023 CC EMV	2024 CC EMV
13.8%	7.5%	15.1%	9.9%	-0.8%	7.9%	1.1%	8.5%	3.6%	-5.9%

Table 5

As seen in the statewide graphs, EMV for apartments had a small increase in nominal EMV and a decrease in CC EMV. In the Metro, these numbers are even lower, with table 5 showing a decrease in nominal EMV of 0.8%, and a decrease in CC EMV of 5.9% in 2024. CC EMV being 5 to 6 percentage points lower than the nominal EMV is common, but this year resulted in a decrease due to the low increase in nominal EMV. Regardless, the small increases compared to previous years is notable, especially given the Metro regularly had over 10% increases in nominal EMV before 2021.

Percent Change in Apartment EMV in Metro Voss Regions

Region *2024 Apartment EMV (in millions); percent share of region EMV*	2020	2021	2022	2023	2024
Anoka *$3,629; 6.5%*	16.1%	12.7%	16.9%	25.4%	-0.9%
Carver/Scott *$2,241; 4.3%*	18.4%	14.8%	18.8%	14.2%	4.1%
Dakota *$6,484; 8.6%*	10.2%	9.6%	26.8%	16.4%	-4.4%
Minneapolis *$13,762; 20.7%*	12.2%	6.1%	7.8%	7.2%	-3.8%
North Hennepin *$3,975; 7.8%*	11.9%	11.5%	17.7%	10.5%	4.0%
Saint Paul *$6,862; 19%*	18.6%	4.1%	13.9%	6.1%	-4.9%
Southeast Hennepin *$8,337; 14.1%*	12.9%	6.8%	15.7%	6.0%	4.6%
Southwest Hennepin *$5,386; 7.2%*	14.5%	6.7%	11.5%	8.5%	2.6%
Suburban Ramsey *$4,667; 11.6%*	16.8%	6.7%	20.0%	8.4%	-3.3%
Washington *$3,013; 5.6%*	10.2%	11.1%	25.4%	14.8%	6.5%

Table 6

Looking more in depth in the Metro in Table 6, half of the Metro Voss regions saw decreases in EMV, including the two regions with the largest regional share of apartment EMV in Minneapolis and Saint Paul. The decrease compared to 2023 is prevalent here as well, with Anoka dropping 26.3 percentage points and Dakota dropping 20.8 points compared to 2024. Regions with increases in EMV were still lower compared to 2023. Washington saw the largest increase within the Metro at 6.5%, with the caveat that they are second lowest among the Metro in both apartment EMV and proportion of regional EMV. Southeast Hennepin saw the largest increase and the lowest difference between 2023 and 2024, which is especially notable given they have the second highest amount of apartment EMV and third highest in regional share of EMV.

While most of the property types' EMV is located in the Metro, there are still approximately $14.1 billion in EMV in Greater Minnesota, with just under 50% of this ($6.96 billion) located in cities containing at least 20,000 people. Chart 7 shows the changes in apartment EMV for regions with at least $1 billion in apartment EMV. This also includes hospitals, low-income housing, and other property types in addition to apartments.

Change in Apartment EMV in Greater Minnesota Voss Regions

Regions with at least $1 billion EMV

Region *2024 Apartment EMV (in millions); percent share of region EMV*	**2020**	**2021**	**2022**	**2023**	**2024**
Arrowhead *$1,739; 3.1%*	6.0%	11.8%	10.2%	15.6%	9.6%
Central *$3,051; 4.2%*	13.5%	6.9%	17.1%	18.5%	12.8%
South Central *$1,586; 2.7%*	4.1%	7.9%	11.2%	34.3%	3.0%
Southeast *$3,905; 3.9%*	7.4%	5.4%	21.4%	7.9%	11.5%
West Central *$1,272; 2.0%*	5.1%	3.0%	5.9%	8.2%	7.8%

Table 7

By Voss region, Central and Southeast have both the largest amounts of EMV and the largest shares of the regional EMV within Greater Minnesota. These regions overlap with some Metro Voss regions in terms of EMV and regional share. Both regions saw double digit increases in apartment EMV in 2024, and the largest increases in any Voss region. Southeast EMV rose more in 2024 than in 2023, a break from most property types and regions.

Residential Property

Residential properties are likely the most important type of properties we examined in this report, as they contain a majority of the market value of every Metro Voss region and a plurality of EMV in half the Voss regions in Greater Minnesota. Homesteaded residential property is especially represented in EMV, on average containing 6.6 times the regional EMV as non-homestead. Therefore, the changes in residential property, especially residential homestead, greatly affect the tax base of all of Minnesota. Because so many homesteads are granted after PRISM 2 submissions (the source of our data for 2024), we will look at all residential property together for changes in value[6].

Given the magnitude of EMV in Metro regions, these increases or decreases have a large effect on the overall EMV of the region; the change in residential EMV in Table 8 is similar to the change in region-wide EMV in Table 3. Within the Metro, Minneapolis and Washington are the only regions with decreases, with Washington especially standing out compared to the 10.1% increase in 2023. Interestingly, these two are opposite in terms of the percent share of region EMV, with residential EMV making up 59.2% of Minneapolis' total EMV, while nearly 80% of Washington's EMV is in residential property. Among the eight regions seeing increases in EMV, Carver/Scott and Saint Paul saw larger increases compared to 2023, though still much smaller than those in 2022 and smaller or comparable to increases in 2021 and 2020.

Percent Change in Residential EMV in Metro Voss Regions

Region *2024 Residential EMV (in millions); percent share of region EMV*	**2020**	**2021**	**2022**	**2023**	**2024**
Anoka *$43,147; 77.7%*	4.9%	7.4%	22.9%	2.9%	1.4%
Carver/Scott *$39,986; 75.9%*	4.4%	6.2%	24.4%	2.5%	4.3%
Dakota *$55,766; 73.9%*	4.7%	6.5%	17.8%	4.6%	1.3%
Minneapolis *$39,464; 59.2%*	2.6%	4.2%	7.3%	4.3%	-1.1%
North Hennepin *$36,948; 72.7%*	5.5%	7.4%	20.3%	4.9%	1.5%
Saint Paul *$23,278; 64.6%*	5.5%	3.9%	13.2%	3.0%	3.8%
Southeast Hennepin *$37,742; 64.1%*	1.8%	5.6%	14.2%	4.2%	2.0%
Southwest Hennepin *$57,458; 76.6%*	4.7%	5.0%	19.6%	8.2%	2.2%
Suburban Ramsey *$28,194; 70.4%*	4.9%	2.9%	15.0%	5.3%	4.4%
Washington *$42,768; 79.9%*	4.1%	5.0%	23.3%	10.1%	-0.9%

Table 8

[6] For example, in 2023, statewide non-homestead EMV increased by 18% based on original data, but the final number was 13%.

The large increases across the region in 2022 appear to be outliers compared to the past two years; however, increases in 2024 are even lower than previous increases. Six regions- Anoka, Dakota, Minneapolis, North Hennepin, Southwest Hennepin, and Washington- had their lowest increases in EMV since at least 2017. It will be worth monitoring whether this is a new baseline level of increase, or if this is still affected by increases in 2022 and will move back to the 2020 and before levels of residential increases in the Metro.

We can see from the amount of EMV and percent share of regional EMV there is a much larger difference in the residential property base between regions in Greater Minnesota. Central, with the largest percent share of regional EMV in Greater Minnesota, has more residential EMV than all but three regions statewide including Southwest Hennepin, Dakota, and Southeast. In contrast, residential EMV in the Southwest region represents just 14.5% of the region's EMV.

Percent Change in Residential EMV in Greater Minnesota Voss Regions					
Region *2024 Residential EMV (in millions); percent share of region EMV*	**2020**	**2021**	**2022**	**2023**	**2024**
Arrowhead *$31,538; 56.8%*	3.0%	7.1%	22.7%	10.5%	6.0%
Central *$46,846; 64.6%*	6.5%	7.9%	23.2%	11.7%	1.6%
East Central *$17,926; 63.2%*	7.9%	8.6%	26.0%	11.2%	1.2%
Minnesota Valley *$12,393; 25.7%*	6.7%	7.3%	18.6%	13.4%	5.2%
North Central *$19,416; 42.1%*	6.6%	9.8%	31.3%	13.4%	3.7%
Northwest/Headwaters *$11,914; 28.3%*	4.6%	6.2%	22.2%	14.5%	4.0%
South Central *$19,059; 32.2%*	4.9%	5.7%	20.4%	10.9%	3.9%
Southeast *$48,787; 48.8%*	6.0%	7.0%	17.7%	7.8%	5.1%
Southwest *$7,130; 14.5%*	3.8%	5.4%	19.4%	18.3%	5.0%
West Central *$23,208; 36.0%*	5.0%	6.1%	18.9%	12.5%	6.9%

Table 9

The increases in the regions in Greater Minnesota are on average higher than the Metro (4.3% to 1.9%, with similar medians) but have an almost identical range (5.7% and 5.6%). These changes also do not closely relate to the market share of the region. West Central has the highest increase with residential property making up 36% of the region's EMV, and Arrowhead as the second highest and residential property making up 56.8% of the region's EMV. These increases are the lowest for all regions since 2022, the lowest for all but West Central since 2021, and the lowest for all but three regions (Arrowhead, Southwest, and West Central) since 2020.

Many regions saw close to a 10 percentage-point drop from 2023, which itself was a large decrease from 2022 in almost all regions. The largest decreases compared to 2023 were in Southwest, Northwest/Headwaters, Central, East Central, and North Central, all around 10 percentage points or greater. Southwest and Northwest/Headwaters had relatively smaller decreases between 2022 and 2023, while North Central, East Central, and Central all have the largest percentage point decreases from 2022 to 2024. Indeed, Central only increased by 1.6% along with slower growing Metro regions, and East Central saw a lower increase (1.2%) than all but the two Metro regions where EMV decreased (Minneapolis, -1.1% and Washington, -0.9%).

Seasonal Recreational Residential Property

Seasonal residential recreational non-commercial property (SRR), while generally thought of as cabins, can represent any property "devoted to noncommercial temporary and seasonal residential occupancy for recreation purposes.[7]" Therefore while most of the classification's EMV is located in Greater Minnesota, there are SRR properties in every region aside from Minneapolis. We will only examine regions with at least $1 billion in SRR EMV in Table 10, which encompasses seven regions in Greater Minnesota along with Southwest Hennepin in the Metro. Given the wide range of EMV between regions, the table is sorted according to SRR's percent share of regional EMV. We see that North Central has both the most EMV of any region and has the highest regional share of SRR EMV, with the share within Arrowhead and West Central only half of that and descending from there to Southwest Hennepin with only 1.6% of the region's EMV as SRR property.

Percent Change in Seasonal Residential Recreational EMV by Voss Regions
Regions with at least $1 billion EMV

Region *2024 SRR EMV (in millions); percent share of region EMV*	**2020**	**2021**	**2022**	**2023**	**2024**
North Central *$14,007; 30.3%*	1.0%	5.8%	31.5%	13.1%	5.5%
Arrowhead *$9,318; 16.8%*	3.6%	2.9%	25.2%	12.3%	8.0%
West Central *$10,178; 15.8%*	3.6%	5.7%	23.1%	13.8%	9.1%
Northwest/Headwaters *$3,823; 9.1%*	3.1%	4.0%	28.8%	11.4%	7.0%
East Central *$1,980; 7.0%*	4.8%	7.5%	25.8%	13.9%	2.3%
Central *$2,219; 3.1%*	2.9%	4.1%	21.9%	11.2%	9.2%
Minnesota Valley *$1,327; 2.7%*	1.9%	5.4%	18.2%	16.6%	8.9%
Southwest Hennepin *$1,213; 1.6%*	4.0%	1.9%	22.5%	3.2%	4.4%

Table 10

Similar to other residential properties, we mostly see smaller SRR EMV increases in 2024 compared to 2023, which in turn had smaller increases than in 2022. A region's change in SRR EMV was similar to the region's change in residential EMV and was a few percentage points higher for every region, whereas in previous years some regions had lower SRR EMV increases than residential. Because nominal EMV does take into consideration classification changes, it is possible these fluctuations represent properties

[7] Minnesota Statutes 273.13, subd. 25 (d)(12)

changing classifications between the two, or it could be specific to the location of the property, such as a property being on or off-water.

Commercial and Industrial Properties

Starting with the 2020 Assessment Practices report, commercial property is reviewed independently from industrial property due to trends showing commercial property EMV is increasing at a much lower rate than industrial property EMV. This does lead to smaller sample sizes, especially when examining property by Voss region, so EMV may fluctuate more year-to-year.

Properties that are considered commercial include office buildings, retail stores, malls, hotels, banks, restaurants, and service outlets. We also include seasonal recreational commercial properties within the commercial section. Industrial properties include property used for manufacturing, warehouses, and distribution facilities.

Commercial Property

Beginning with the Metro, which contains about two-thirds of statewide EMV, we see the largest variance of any property type yet examined, with a decrease of 9.7% in Minneapolis and an increase of 6.2% in Carver/Scott. Saint Paul and Southeast Hennepin also saw decreases, with Southeast Hennepin and Minneapolis as the two regions with the highest proportion of commercial EMV. Again, these changes in EMV are less than in 2023 across all regions, continuing the trend across most property types. Compared to 2022, four regions had larger increases in 2024. Compared to 2021, the first assessment year after the COVID pandemic, most regions saw larger increases this past year.

Percent Change in Commercial EMV in Metro Voss Regions					
Region *2024 Commercial EMV (in millions); percent share of region EMV*	**2020**	**2021**	**2022**	**2023**	**2024**
Anoka *$3,683; 6.6%*	8.2%	2.1%	3.7%	15.3%	4.1%
Carver/Scott *$2,499; 4.7%*	-1.0%	-1.6%	2.2%	13.8%	6.2%
Dakota *$5,323; 7.1%*	6.0%	-0.3%	1.6%	9.3%	5.9%
Minneapolis *$9,841; 14.8%*	7.5%	-5.5%	0.4%	1.0%	-9.7%
North Hennepin *$3,529; 6.9%*	4.8%	-2.2%	4.9%	8.8%	3.0%
Saint Paul *$3,546; 9.8%*	7.4%	-2.4%	-0.4%	7.3%	-2.5%
Southeast Hennepin *$9,451; 16.0%*	5.6%	-4.1%	3.0%	3.2%	-0.3%
Southwest Hennepin *$5,962; 8.0%*	3.3%	-2.1%	2.1%	4.5%	2.0%
Suburban Ramsey *$4,250; 10.6%*	5.3%	-1.2%	2.3%	6.1%	0.0%
Washington *$3,663; 6.8%*	3.8%	9.4%	0.3%	16.5%	0.8%

Table 11

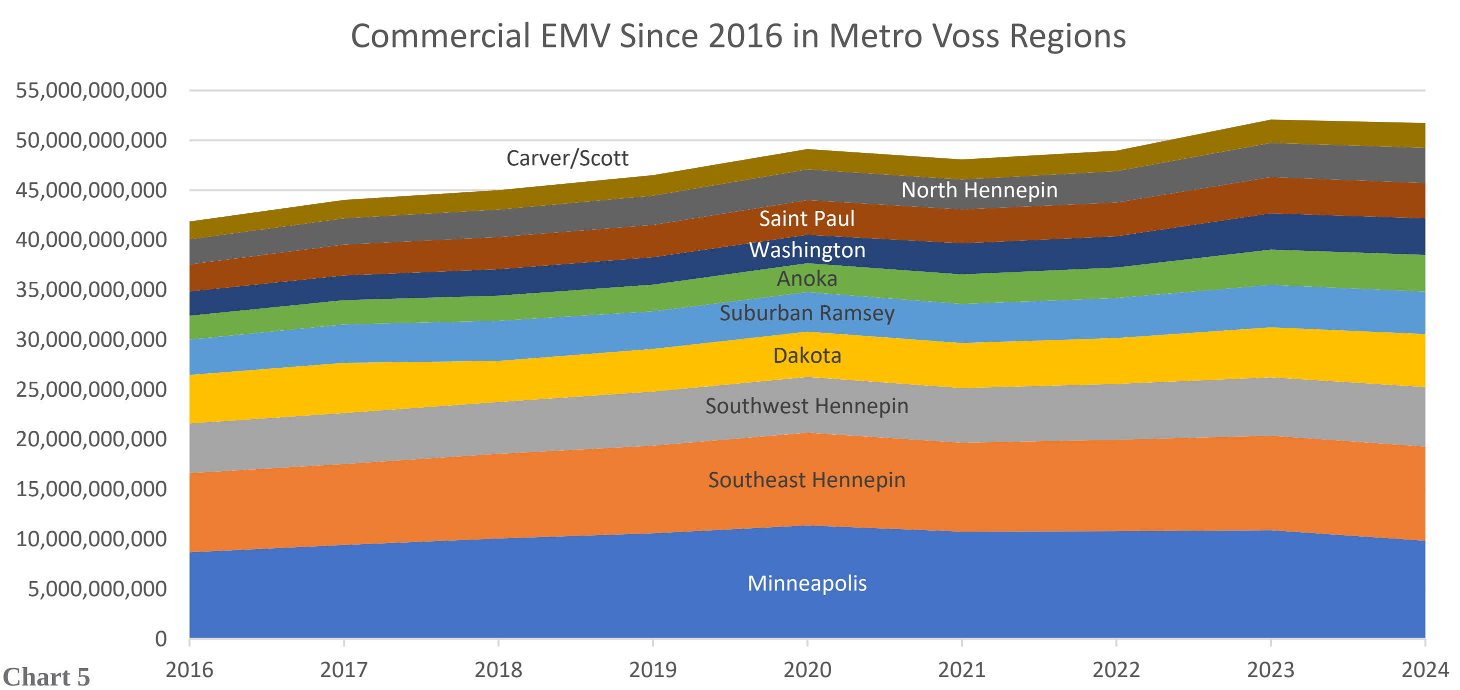


Chart 5

Looking at commercial property from a wider lens, Chart 5 shows the nominal EMV of each region in the Metro since 2016. Most regions saw increases from 2016-2020, before the drop in the 2021 assessment and subsequent recovery. As the chart and previous table show, this recovery has not been uniform across all regions. This complements Chart 6, which shows the share of commercial EMV for each region since 2016. This chart shows a steadier decline, as commercial property growth pre-2020 was not keeping up with increases in residential property. While other property types saw low growth in 2021 and 2024, most did not have decreases to the same effect, and increases in years like 2022 and 2023 were more pronounced in residential property than commercial.

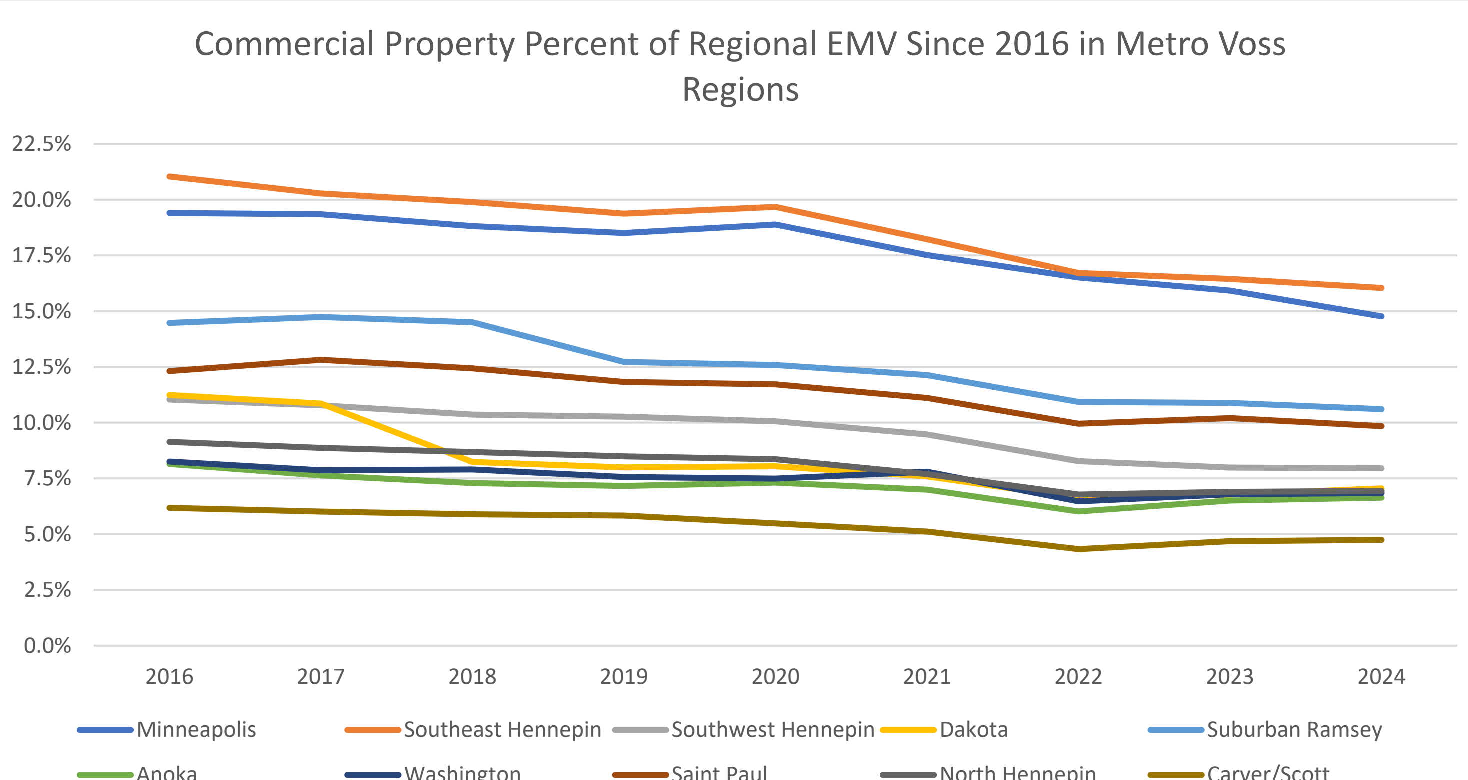


Chart 6

Greater Minnesota Voss regions had mostly higher increases compared to the Metro, with no decreases and three regions seeing increases of 9% or greater. The overall amount of EMV is also in contrast with the Metro, with half the regions containing under $1.7 billion in EMV and only Arrowhead, Central, and Southeast with more EMV than the lowest Metro region (Carver/Scott). Of those regions, Southeast had the lowest increase in EMV at 5.6%, which ranked near the top of increases for Metro regions. Comparing the changes to 2023 also paints a different picture, with many regions seeing similar increases in EVM and half seeing larger increases.

Percent Change in Commercial EMV in Greater Minnesota Voss Regions					
Region *2024 Commercial EMV (in millions); percent share of region EMV*	**2020**	**2021**	**2022**	**2023**	**2024**
Arrowhead *$3,266; 5.8%*	11.6%	-1.8%	7.1%	5.7%	10.4%
Central *$4,551; 6.2%*	1.7%	2.3%	4.5%	10.1%	6.1%
East Central *$1,071; 3.8%*	2.9%	1.5%	8.3%	10.0%	7.6%
Minnesota Valley *$1,187; 2.5%*	1.2%	0.9%	3.7%	2.7%	3.7%
North Central *$1,683; 3.6%*	7.3%	-3.2%	10.9%	9.8%	9.0%
Northwest/Headwaters *$1,191; 2.8%*	4.6%	2.3%	8.5%	7.6%	6.1%
South Central *$2,057; 3.5%*	1.4%	-0.5%	4.5%	9.9%	2.6%
Southeast *$6,671; 6.7%*	6.3%	-0.2%	8.9%	3.9%	5.6%
Southwest *$1,007; 2.1%*	3.5%	1.2%	6.8%	4.1%	4.2%
West Central *$2,306; 3.6%*	1.9%	-0.3%	8.8%	5.2%	9.5%

Table 12

Chart 7 shows the same information as Chart 6 but for Greater Minnesota regions, examining commercial property’s proportion of the region’s EMV since 2016. The overall downward trend mostly remains, but to a lesser extent. Several regions also show an increase starting in 2022 or 2024. These trends are important to keep in mind given the higher classification rate that commercial and industrial properties have compared to other property types, meaning that they represent a larger share of the tax base than a different property type with the same value.

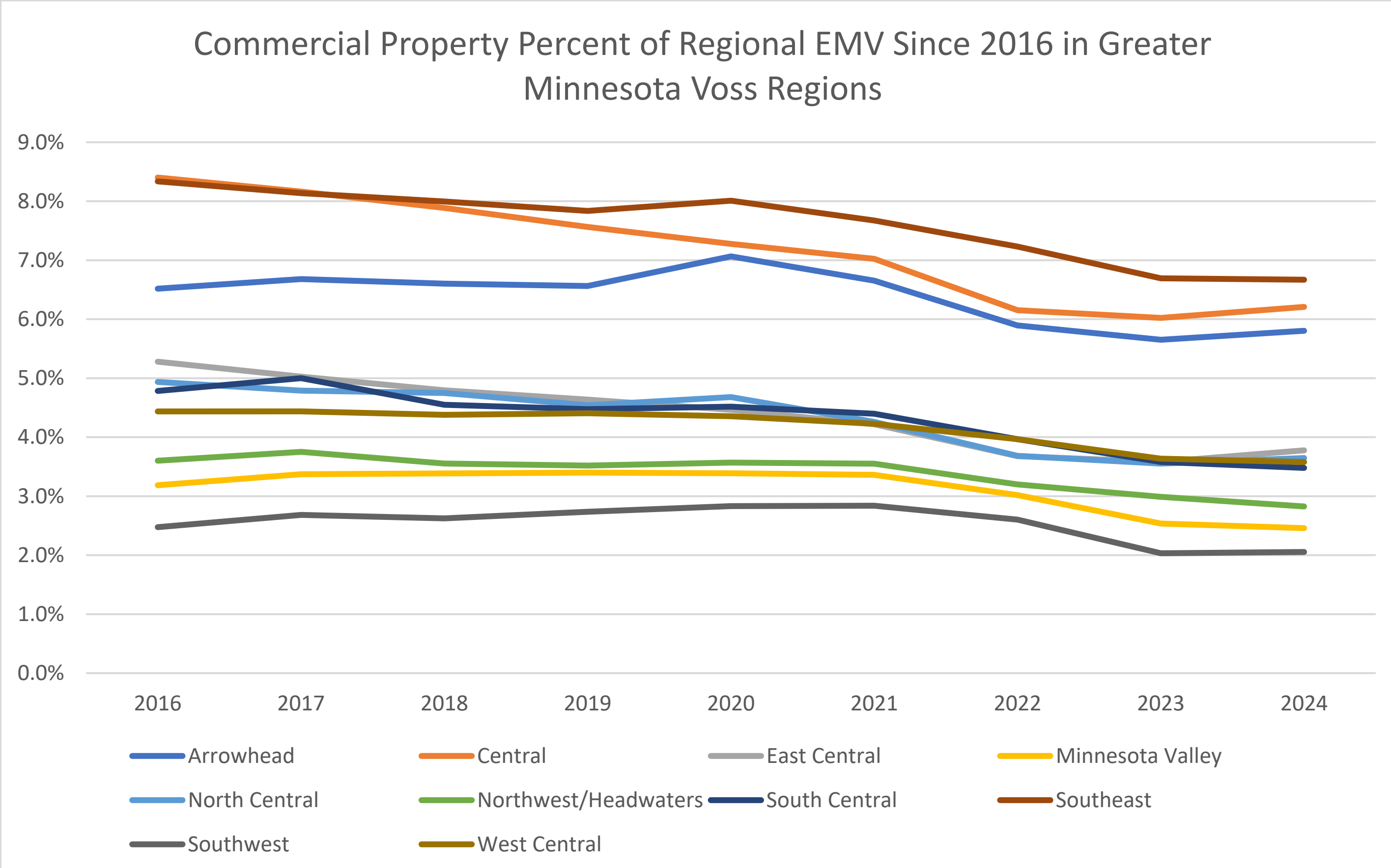


Chart 7

Industrial Property

Industrial property has the smallest amount of statewide EMV of any of the major property groups that we examine at $40.5 billion, just over $5 billion less than SRR. Therefore when examining property within Voss regions, there is the possibility of larger swings in EMV based on new construction, classification changes, or market shifts.

Table 13 shows the EMV increases for all Metro Voss regions, along with the three regions in Greater Minnesota with at least $1 billion in industrial EMV- the Central, South Central, and Southeast regions. After large increases in industrial EMV in 2023, 2024 saw much lower increases along with some decreases within Voss regions in the Metro. We see a wide range in these changes in EMV as well, with a decrease of 3.1% in Saint Paul on the low end and an increase of 10.4% in Dakota.

While most regions have a larger share of commercial property than industrial property, there is some variance between regions, especially in the Metro. Chart 8 shows the difference between the percent market share for the region of commercial and industrial property for regions with at least $1 billion in industrial EMV, with regions with more commercial share to the right and those with more industrial share to the left. Only three regions, North Hennepin, Carver/Scott, and Anoka, have more industrial EMV than commercial, with Anoka having similar values for both. None of these three have negative or low increases, with Anoka's 9% increase in industrial property compared to its 4.1% increase in commercial property pushing it to the industrial-favored region for the first time in 2024. Minneapolis and Southeast Hennepin on the other hand, are far removed from other regions as being heavily weighted towards commercial EMV.

Minneapolis, as the lowest proportion of industrial property in the Metro, saw an increase of just 0.5%, whereas Southeast Hennepin is more in the middle and saw a modest increase of 5.2%.

Percent Change in Industrial EMV by Voss Regions *Regions with at least $1 billion EMV*					
Region *2024 Industrial EMV (in millions); percent share of region EMV*	**2020**	**2021**	**2022**	**2023**	**2024**
Anoka *$3,769; 6.8%*	10.5%	2.7%	17.6%	35.2%	9.0%
Carver/Scott *$3,641; 6.9%*	23.9%	8.3%	11.3%	23.2%	10.0%
Dakota *$4,607; 6.1%*	10.1%	4.9%	11.4%	21.0%	10.4%
Minneapolis *$1,885; 2.8%*	0.6%	9.8%	16.4%	22.2%	0.5%
North Hennepin *$5,098; 10%*	12.4%	8.0%	24.0%	21.9%	6.5%
Saint Paul *$1,727; 4.8%*	18.7%	9.7%	6.3%	19.3%	-3.1%
Southeast Hennepin *$2,959; 5.0%*	5.1%	4.2%	14.9%	17.5%	5.2%
Southwest Hennepin *$3,903; 5.2%*	10.5%	3.6%	14.5%	20.3%	3.1%
Suburban Ramsey *$2,594; 6.5%*	9.1%	2.5%	10.6%	18.8%	-1.2%
Washington *$1,716; 3.2%*	21.9%	6.4%	13.8%	34.3%	7.6%
Central *$1,945; 2.7%*	10.9%	7.2%	13.3%	22.0%	8.2%
South Central *$1,201; 2.0%*	2.9%	2.0%	11.4%	7.8%	8.3%
Southeast *$1,954; 2.0%*	10.5%	6.2%	13.1%	5.8%	10.9%

Table 13

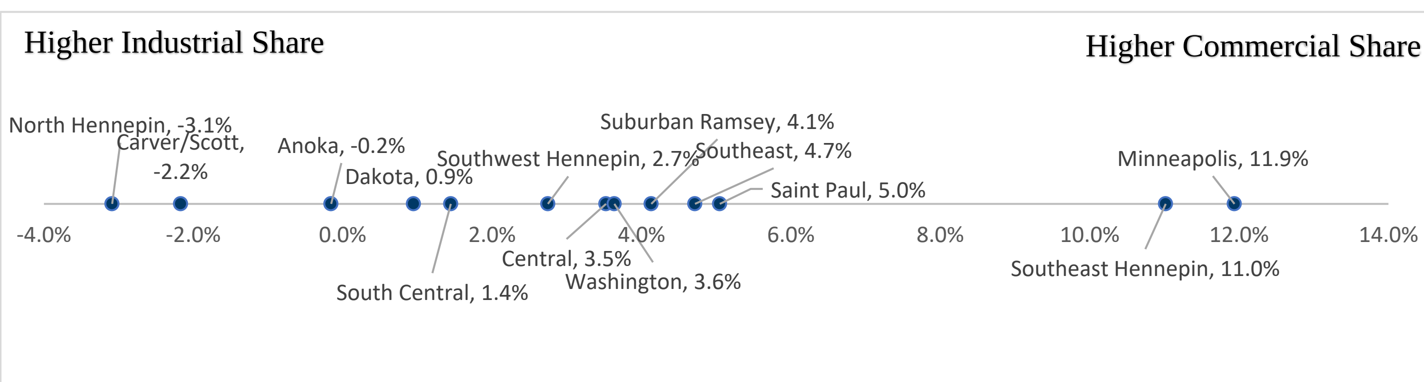


Chart 8

Taxable Market Value

In Minnesota, taxes are not directly based on the estimated market value. State property tax laws contain a number of exclusions, value deferrals, and exemptions that decrease the amount of the EMV that is subject to taxation.

Taxable Market Value (TMV) refers to the amount of value that is actually used in calculating property taxes. This often differs from EMV due to special programs and exclusions. Sample TMV calculations can be found in the Property Tax Administrator's Manual, available at www.revenue.state.mn.us.

Taxable market value not only decreases an individual property's tax burden, it also decreases the tax base for the taxing jurisdiction. The taxable market value is used to determine the tax base for levying authorities such as cities, counties, and towns.

For example, a given county's levy (budget) is spread among all classes of taxable property by determining the cumulative net tax capacity of all the properties. The net tax capacity, which is the taxable market value multiplied by the class rate, of all taxable properties in a jurisdiction is the tax base.

This is a simple illustration of how property tax rates are determined:

Step 1:

Total proposed budget
– *All non-property tax revenue (state aids and fees)*

= *Property tax revenue needed*

Step 2:

Property tax revenue needed
÷ *Total tax capacity of all taxable properties*

= *Local tax rate*

When taxable market values change, the tax burden is redistributed within the jurisdiction. If the levy remains constant, property taxes for a single property may still change depending on changes in the classification rate or taxable market value of other properties in the jurisdiction. Table 14 provides figures for some of the more common exclusions and deferrals that remove taxable value from the tax base, while Chart 9 shows the historical figures of the percent change in TMV for major property groups since 2015.

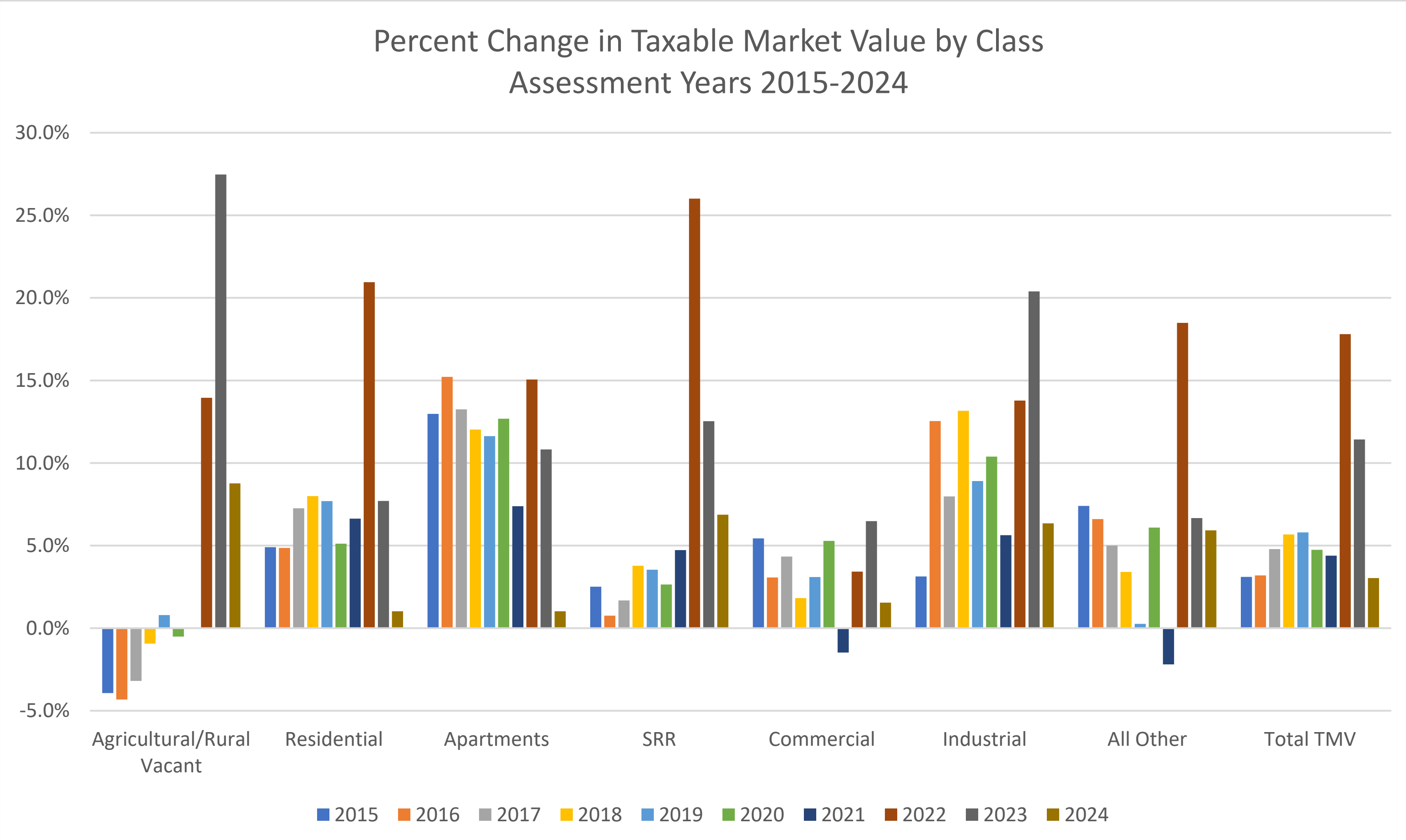


Chart 9

Value Exclusions and Deferrals			
All Values in Millions			
Exclusion/Deferral	**2023 Value**	**2024 Value**	**% Change**
Homestead Market Value Exclusion	$ 15,318	$ 25,560	66.9%
Veterans with a Disability Exclusion	$ 5,186	$ 5,539	6.8%
Green Acres	$ 3,764	$ 3,524	-6.4%
Open Space	$ 795	$ 834	4.9%
Rural Preserve	$ 887	$ 877	-1.2%
Plat Law	$ 740	$ 514	-30.6%

Table 14

Exclusion and Deferral Trends

The largest change to deferrals was the increase in the Homestead Market Value Exclusion (HMVE), which saw an increased calculation amount go into effect for the 2024 assessment year. Previously, the exclusion maxed out at $30,400 in value for properties valued at $76,000 and phased out at homesteads valued at $413,800. The exclusion is now a maximum of $38,000[8] for properties valued at $95,000 and phases out for homesteads valued at $517,200 or more.

We can see the effect that this change had from Chart 10, which shows the percent of homes in each band of the exclusion. Whereas in the 2023 assessment over a quarter of eligible properties received no HMVE (i.e. the homestead was valued over $413,800), in 2024 this has dropped down to 15.4%, which is much more in line with 2021 before the large increase in residential values in 2022. On the other end of the spectrum, 11.4% of eligible properties qualify for the new band of the exclusion, between $30,400 and $38,000. The distribution of the exclusion is also more even. With the new formula, 40.6% of properties are receiving over $20,000 in HMVE, up from 16% in 2023 and the highest proportion since 2017. Assuming a continued increase in residential values, we will expect to see the overall amount of the exclusion decrease over time.

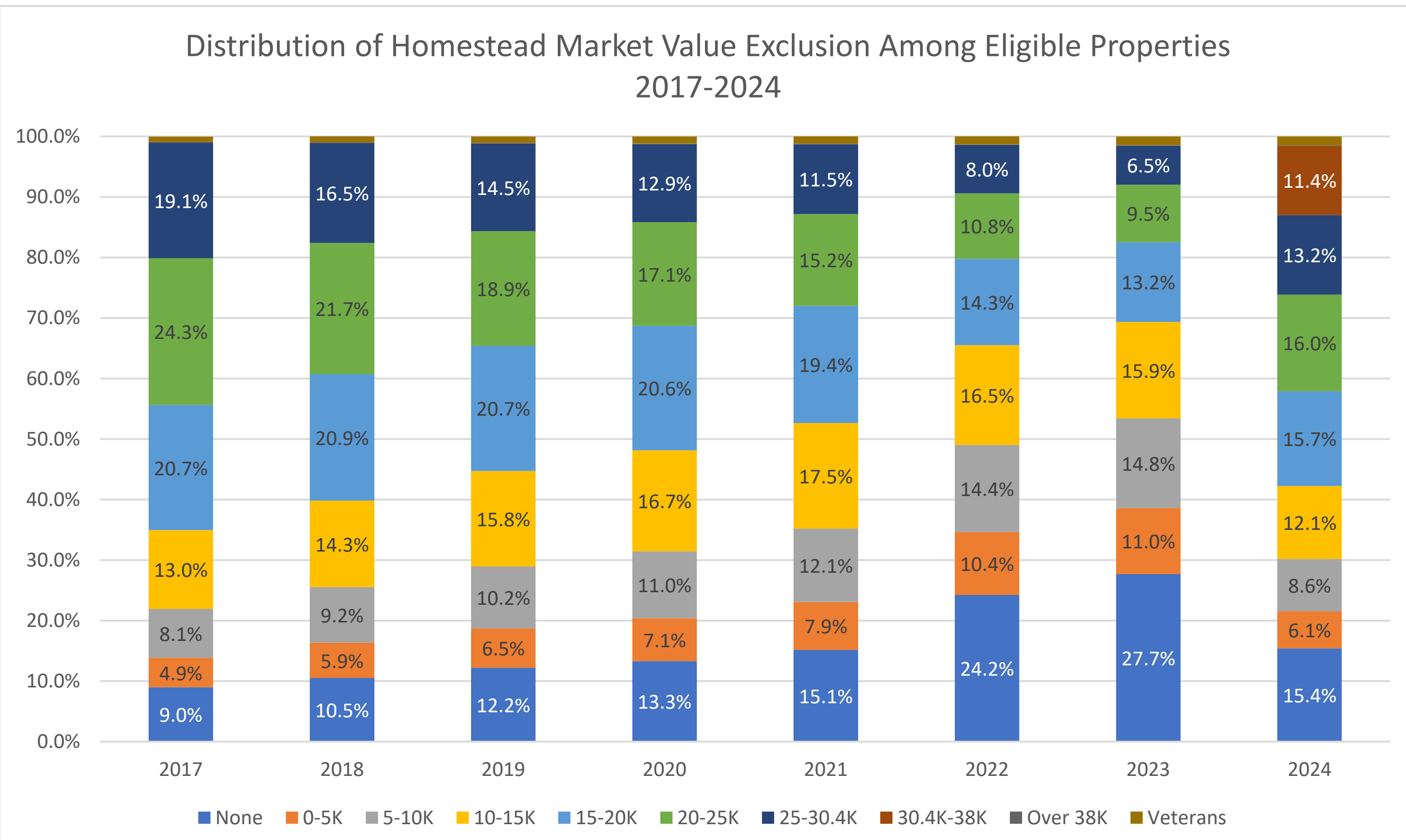


Chart 10

[8] Some parcels receive above the maximum Homestead Market Value Exclusion amount because there are multiple homesteads on the parcel (e.g. parcels that have multiple houses, housing cooperatives). Parcels also cannot receive a HMVE if they are receiving a homestead exclusion for veterans with a disability. Only 0.1% of properties receive exclusions over $38,000 for all years shown on Chart 10, and in 2024 1.5% of eligible properties received a homestead exclusion for veterans with a disability instead of a HMVE.

Looking at other exclusions, the amount excluded by the Homestead Exclusion for Veterans with a Disability continues to increase. As with homestead, the application deadline for new properties seeking the exclusion is after the submission deadline for our 2023 data.; last year, the initial figure of 7.6% increased to 14.2% after data was finalized. These updated numbers have shown the exclusion increasing by double-digits since 2017, so with an initial figure of 6.8%, we can reasonably expect that to increase once final data is in and to continue that trend.

Additionally, the legislature expanded eligibility in the 2023 assessment to allow qualifying surviving spouses to apply for and receive the exclusion regardless of when the qualifying veteran passed away. It is possible that individuals who can qualify under the expanded qualifications are still learning about their eligibility and will apply for the exclusion moving forward. Overall, the number of parcels enrolled continues to increase, suggesting that legislative expansion and outreach will continue to lead to increased enrollment by qualifying veterans and surviving spouses.

Plat Law exclusions decreased by over 30% for 2024 after a 57% increase in 2022 and an 11.5% increase in 2023. This was somewhat expected, as value phases in over three years if the property is located in the Metro and seven years if located in Greater Minnesota. Additionally, the exclusion is removed if the property is sold or construction has begun, which could be contributing factors to the decrease in Plat Law exclusions. Residential property values also did not increase to the same extent as they did in 2022 or 2023, which means the excluded value is not as high as it otherwise might be.

Open Space increased by 4.9%, which is in line with historical increases to the program. Open Space provides deferrals to outdoor recreational, open space, and park land property. There are comparatively few properties enrolled in the deferral, which can result in large swings based on enrollment and reporting. The increases in Open Space do not necessarily line up with increases in development. There was a similar increase in 2024 as in 2022 (5.2%) despite much lower increases in residential and total EMV in 2024. Given the few properties enrolled, it is possible the trends for those properties are different than can be found in regional or statewide data.

Green Acres and Rural Preserve

Green Acres and Rural Preserve are property tax deferral programs that help keep farm property values from increasing due to non-agricultural influences such as development or recreational uses on nearby properties. The taxable market value of qualifying farmland is based on its agricultural use, rather than its highest and best use (which may be impacted by sales of nearby land for development or speculation).

The Department of Revenue determines a Green Acres value for tillable and non-tillable class 2a agricultural land for each county to reflect market and agricultural conditions. Counties use the Green Acres value when calculating property taxes. Rural Preserve provides a similar benefit for class 2b rural vacant land that is part of a farm. (See Appendix D for details about Green Acres and Rural Preserve values for the 2024 assessment.)

Green Acres and Rural Preserve Deferrals

All Values in Millions

Green Acres	**2022**	**2023**	**2024**
Enrolled Acres	3.02	2.99	2.98
Enrolled Market Value	$16,658	$19,390	$20,486
Taxable Value	$13,049	$15,626	$16,963
Deferred Value	$3,610	$3,764	$3,524
Percent Deferred*	21.7%	19.4%	17.2%
Rural Preserve	**2022**	**2023**	**2024**
Enrolled Acres	0.48	0.48	0.48
Enrolled Market Value	$1,566	$1,817	$1,901
Taxable Value	$823	$930	$1,024
Deferred Value	$744	$887	$877
Percent Deferred*	47.5%	48.8%	46.1%

** Percent Deferred = Percentage of Total EMV (Deferred Value + Taxable Value) that received deferral*

Table 15

Green Acres Values: 2024 Assessment Year Impact

While agricultural property did not increase at the same rate as in 2023, it was still the property type with the largest increase, which led to a decrease in the percent of Green Acres deferral amounts. The decrease from 2023 to 2024 (2.2%) was almost the same as the decrease from 2022 to 2023 (2.3%) despite statewide agricultural values increasing by 8.4% in 2024 compared to the 26.9% in 2023. This is logical given the larger increases in agricultural land and limited increases in residential values for 2024. This is shown in the fact that the enrolled marked value increased despite enrolled acreage decreasing slightly, and even more so in the decrease in deferred value. Because non-agricultural values increased less than agricultural values, less money needed to be deferred.

Rural Preserve also saw a decrease in the percent deferred of enrolled property, the largest decrease since 2019-2020. Similar to Green Acres, the smaller deferred value with increases in both enrolled market value and taxable value suggests that 2b rural vacant land increased by more than the market for non-agricultural property in those areas. Enrolled acreage only decreased by around 3,000 acres, also suggesting that these changes are mostly due to the differing changes in value for enrolled properties rather than property enrolling or being removed from the program.

These results for both programs again show the program is working as intended. When agricultural values are rising faster than developmental values, the amount of value that non-agricultural influences provide is shrinking. As such, the amount of deferred value shrinks. Depending on future changes in agricultural EMV and other types of EMV, the amount deferred under the program will continue to change in kind.

Tax Distribution

Minnesota's property tax system has several components including classification, valuation, and special programs that reduce taxable value, credits, and different levies. These components determine which properties will pay a greater or lesser share of taxes.

Taxable Value

The nature of Minnesota's property tax system is that if the taxable value of one class of property decreases, it pays a smaller share of the overall tax burden and other property classes pay a larger share.

For example, agricultural and homesteaded properties have typically received preferential property tax treatment through classification rates and programs – such as Green Acres and the Homestead Market Value Exclusion – and through homestead credits and school bonding credits.

Conversely, commercial and industrial properties typically pay a greater share of taxes than residential or agricultural properties of equal value due to a higher class rate, lesser eligibility for special programs, and being subject to additional levies such as the state general tax. (See Appendix C for details about the classification rates used for the 2024 assessment.)

The impact of these components is clear when reviewing tax liability and effective tax rates. Table 16 shows the net tax and tax share for each major property class. The numbers in italics represent the percent change in the market value and net tax share from last year. Based on preliminary estimates from the 2024 assessment year (taxes payable 2025):

- Agricultural property and rural vacant land represent 18.5% of taxable property value and pay approximately 5.7% of net property taxes statewide.
- Residential property makes up around 56% all market value and pays 54.4% of all net property taxes.
- Commercial property accounts for just under 7% of market value and pays 16% of property taxes.
- Industrial property accounts for 3.7% of market value and pays 8.6% of property taxes.

These numbers are affected by where most of each property type is located and the surrounding tax base, but they still provide insight into how different classifications contribute to the tax base.

2024 Trends

Agricultural property again was the property type with the largest percent increase in EMV and subsequent market value share, even if the magnitude of the increases was less than in 2023. With the large increases in agricultural value over the past two years, the market share of agricultural and rural vacant land has increased by 3.2%. The only other property type to increase its market share in that period was seasonal residential recreational non-commercial (SRR), which only increased by 0.2%. However, 2022 was the lowest point for agricultural market share since at least 2016. Its share continues to fall by between 0.5% and 1.6% per year, so market share still has not caught back up to what it was in 2017 (19.4%).

Despite the large increase in market value share, net tax share for agricultural property only increased by 0.1%. This is due to the low classification rate (0.5% for homesteaded land, 1% for non-homestead) and other programs such as the Green Acres and Rural Preserve deferral programs.

Reflecting the shifts in 2023, residential property saw a decline in both market value and net tax share in similar magnitudes as agricultural property. This puts residential market value share down to a level similar to the 2019 assessment (56.2%). Notably this has not carried over to net tax share, which was 51.4% in 2019 compared to 54.4% in 2024. This is because, as described previously, increase in market value share in agricultural land does not result in a similar increase in net tax share. Since 2019, Agricultural land net tax has decreased by 0.1%, but commercial net tax has decreased from 20.5% to 16.0% while seeing a reduction in market value share of just 1.9% (8.8% to 6.9%).

Industrial and "All other" properties both saw increases of 0.1% in market value share and 0.3% in net tax share, providing other sources of net tax aside from the falling residential and commercial shares. These properties generally have higher classification rates and do not receive other exclusions or deferrals, which allows increases in market value share to more directly correspond to increases in net tax.

Net Tax Liability and Tax Share by Property Class

Assessment Year 2024, Taxes Payable 2025 (Preliminary Estimates)

Properties by Class	Market Value (Millions)	Net Tax (Millions)	Market Value Share	Net Tax Share
Agricultural/Rural Vacant	$201,913	$782,582	18.5% *(+1.0%)*	5.7% *(+0.1%)*
Residential	$613,263	$7,477,552	56.1% *(-1.1%)*	54.4% *(-0.2%)*
Apartments	$72,469	$1,027,585	6.6% *(-0.1%)*	7.5% *(-0.3%)*
Seasonal (Non-Commercial)	$45,712	$336,958	4.2% *(+0.2%)*	2.5% *(+0.0%)*
Commercial	$75,893	$2,196,059	6.9% *(-0.1%)*	16.0% *(-0.2%)*
Industrial	$40,471	$1,185,996	3.7% *(+0.1%)*	8.6% *(+0.3%)*
All Other	$43,818	$742,594	4.0% *(+0.1%)*	5.4% *(+0.3%)*
Total Real & Personal	$1,093,538	$13,749,328	100.0%	100.0%

Table 16. *Please note that due to rounding, there may be some small differences between the listed totals and sums of all classes.*

Overall, the 2024 assessment saw lower increases in EMV across most property types, with the degree of the smaller increase affecting the overall market value share. Because agricultural property had the largest increases, there were not large changes in net tax share statewide, though on a regional scale these shifts could have larger ramifications.

Appendix A – Summary of 2024 State Board Orders

Sales Ratios and Coefficients of Dispersion

Property Type	Final Adjusted Median Ratio		Coefficient of Dispersion		Sample Size	
State Board Year	*2022*	*2023*	*2022*	*2023*	*2022*	*2023*
Residential/Seasonal	94.70	95.24	8.78	8.36	77,771	57,909
Apartment	93.87	95.26	12.48	12.48	731	495
Commercial/Industrial	93.58	94.91	16.58	15.24	2,160	1,589
Resorts	93.71	99.81	27.48	23.38	39	22
Agricultural 2a / Rural Vacant 2b	93.20	94.11	20.47	20.53	4,503	3,488

Table 17

The International Association of Assessing Officers (IAAO) recommends trimming the most extreme outliers from the sample before calculating the COD. The trimming method used by the Sales Ratio excludes sales outside of an interquartile range determined by jurisdiction. This eliminates a few extreme sales that would distort the COD. Per the IAAO, the acceptable ranges for the COD are as follows:

Coefficient of Dispersion (COD) Acceptable Ranges

by Property Type

Property Type		Acceptable COD Range
Newer, homogenous residential properties		10.0 or less
Older residential areas		15.0 or less
Rural residential and seasonal properties		20.0 or less
Income producing:	larger, urban area	15.0 or less
	smaller, rural area	20.0 or less
Vacant land		20.0 or less
Depressed markets		25.0 or less

Table 18

State Board Orders by County for 2024 Assessment Year

County	Assessment District	Class	Percent Increase	Percent Decrease
Anoka	City of Oak Grove	2a and 2b over 34.5 acres	Reassessment	
Becker	Countywide	2a Agricultural- Land Only	10%	
	Countywide	2b Rural Vacant- Land Only	20%	
	Township of Audubon	Residential and Seasonal Residential Recreational Non-Commercial- Land and Structures On-Water	5%	
	Township of Cormorant	Residential and Seasonal Residential Recreational Non-Commercial- Land and Structures	5%	
	Township of Erie	Residential and Seasonal Residential Recreational Non-Commercial- Land and Structures Off-Water	5%	
	Township of Two Inlets	Residential and Seasonal Residential Recreational Non-Commercial- Land and Structures On-Water	10%	
Douglas	Countywide	2a Agricultural- Land Only	20%	
	Countywide	2b Rural Vacant- Land Only	10%	
Meeker	City of Darwin	Residential and Seasonal Residential Recreational Non-Commercial- Structures Only	5%	
	City of Dassel	Residential and Seasonal Residential Recreational Non-Commercial- Structures Only	5%	
	Township of Kingston	Residential and Seasonal Residential Recreational Non-Commercial- Land and Structures	15%	
Pennington	Township of North	Residential and Seasonal Residential Recreational Non-Commercial- Land Only	5%	
	Township of Numedal	2a Agricultural- Land Only	15%	

County	Assessment District	Class	Percent Increase	Percent Decrease
	Township of Rocksbury	Residential and Seasonal Residential Recreational Non-Commercial- Land and Structures On-Water	10%	
Stevens	Countywide	2a Agricultural- Tillable Only	5%	
Swift	Countywide	2a Agricultural- Tillable Only	5%	
Wadena	City of Sebeka	Residential and Seasonal Residential Recreational Non-Commercial- Land and Structures Off-Water	5%	

2020-2024 State Board of Equalization Summary

Comparison of SBE Orders

	2020			2021			2022			2023			2024		
	Count	% of Counties	% Change	Count	% of Counties	% Change	Count	% of Counties	% Change	Count	% of Counties	% Change	Count	% of Counties	% Change
Counties with SBE orders	10	11%	2%	5	6%	-6%	13	15%	9%	13	15%	0%	8	9%	-6%
Counties with no SBE orders	77	89%	-2%	82	94%	6%	74	85%	-9%	74	85%	0%	79	91%	6%
Districts with orders	17			10			39			23			12		
Countywide orders	1	1%	1%	0	0%	-1%	2	2%	2%	10	11%	9%	6	7%	-5%

2024 Takeaways

Overall magnitude of orders decreased from 14.4% to 8.3%, all orders but one were increases

70% of orders were Res/SRR, 20% were 2a Ag, and 10% were 2b Rural Vacant Land

80% of the orders were caused by assessors missing minimum ratio requirements by less than 5%

Four counties needed countywide orders

Magnitude & Frequency of Assessment District Orders

	# of Assessment Dist. Orders				
Amount of change ordered:	2020	2021	2022	2023	2024
+15% or more	2	4	2	8	3
+10%	14	8	9	14	4
+5%	21	10	32	22	14
-5%	0	0	1	2	0
-10%	0	2	1	2	0
-15% or more	0	0	0	0	0
Reassessment	2	2	1	0	1
Total:	40	26	46	48	22

Magnitude & Frequency of Countywide Orders

	# of Countywide Orders				
Amount of change ordered	2020	2021	2022	2023	2024
+15% or more	0	0	0	1	2
+10%	0	0	0	1	2
+5%	1	0	2	7	2
-5%	0	0	0	0	0
-10%	0	0	0	0	0
-15% or more	0	0	0	0	0
Reassessment	0	0	0	1	0
	1	0	2	10	6

Appendix B – Sales Ratio Studies

12-Month Study

The 12-month study is mainly used to determine State Board of Equalization Orders. The 12 months encompass the period from October 1 of one year through September 30 of the following year. The dates are based on the dates of sale as indicated on the Certificate of Real Estate Value (CRV).

CRVs are filled out by the buyer or seller whenever property is sold or conveyed and filed with the county. The certificates include the sales price of the property, disclosure of any special financial terms associated with the sale, and whether the sale included personal property. The actual sales price from the CRV is then compared to what the county has reported as the market value.

The data contained in the report is based on the 12-month study using sales from October 1, 2021, through September 30, 2022. These sales are compared with preliminary values for assessment year 2023, taxes payable 2024. The sale prices are adjusted for time and financial terms to the date of the assessment, which is January 2 of each year. For this study, the sales are adjusted to January 2, 2023.

In areas with few sales, it is very difficult to adjust for inflation or deflation because the sales samples are used to develop time trends. For example, based on an annual inflation rate of 3% (.25% monthly), if a house were purchased in August 2022 for $200,000, it would be adjusted to a January 2023 value of $202,500, or the sales price would be adjusted upward by 1.25% for the 5-month timeframe to January.

The State Board of Equalization orders assessment changes when the level of assessment (as measured by the median sales ratio) is below 90%, or above 105%. The orders are usually on a county-, city-, or township-wide basis for a particular classification of property. All State Board Orders must be implemented by the county. The changes will be made to the current assessment under consideration, for taxes payable the following year.

The equalization process (including issuing State Board Orders) is designed not only to equalize values on a county-, town-, or city-wide basis, but also to equalize values across county lines to ensure a fair valuation process across taxing districts, county lines, and property types. State Board Orders are implemented only after a review of values and sales ratios and discussions with the county assessors in the county affected by the State Board Orders, county assessors in adjacent counties, and the department.

A separate nine-month study is used by the Tax Court and is based on sales occurring between January 1 and September 30 of a given year. (It is the same as the 12-month study, but excludes the sales from October, November, and December.)

21-Month Study

The purpose of the 21-month study is to adjust values used for state aid calculations so that all jurisdictions across the state are equalized. In order to build stability into the system, a longer term of 21 months is used, which allows for a greater number of sales. While the 9- and 12-month studies compare the actual sales to the assessor's *estimated* market value, the 21-month study compares actual sales to the assessor's *taxable* market value. As with the 9- and 12-month studies, the sale prices are adjusted for time and terms of financing.

The 21-month study is used to calculate adjusted net tax capacities that are used in the foundation aid formula for school funding. It is also used to calculate tax capacities for Local Government Aid (LGA) and various smaller aids such as library aid. This study is also utilized by bonding companies to rate the fiscal capacity of different governmental jurisdictions.

The adjusted net tax capacity is used to eliminate differences in levels of assessment between taxing jurisdictions for state aid distributions. All property is meant to be valued at its selling price in an open market, but many factors make that goal hard to achieve. The sales ratio study can be used to eliminate differences caused by local markets or assessment practices.

The adjusted net tax capacity is calculated by dividing the net tax capacity of a class of property by the sales ratio for the class. For example, the net tax capacity for residential properties is divided by the residential sales ratio to produce the residential adjusted net tax capacity. The process would be repeated for all of the property types. The total adjusted net tax capacity would be used in state aid calculations.

Appendix C – Classification Rates (2024 Assessment)

Class	Description	Tiers	Class Rate	State General Rate
1a	Residential Homestead	First $500,000	1.00%	N/A
		Over $500,000	1.25%	N/A
1b	Homestead of Persons who are Blind/Disabled	First $50,000	0.45%	N/A
	[classified as 1a or 2a]	$50,000 - $500,000	1.00%	N/A
	[classified as 1a or 2a]	Over $500,000	1.25%	N/A
1c	Homestead Resort	First $600,000	0.50%	N/A
		$600,000 - $2,300,000	1.00%	N/A
		Over $2,300,000	1.25%	1.25%
1d	Housing for Seasonal Workers	First $500,000	1.00%	N/A
		Over $500,000	1.25%	N/A
2a	Agricultural Homestead - House, Garage, 1 Acre (HGA)	First $500,000	1.00%	N/A
		Over $500,000	1.25%	N/A
2a/2b	Agricultural Homestead - First Tier	First $3,500,000	0.50%	N/A
2a/2b	Farm Entities Excess First Tier	Unused First Tier	0.50%	N/A
2a	Agricultural - Nonhomestead or Excess 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 Nominal Deposit		1.00%	N/A
3a	Commercial/Industrial/Utility (*not including utility machinery*)	First $100,000	1.50%	N/A
		$100,000 - $150,000	1.50%	1.50%
		Over $150,000	2.00%	2.00%
	Electric Generation Public Utility Machinery		2.00%	N/A
	All Other Public Utility Machinery		2.00%	2.00%
	Transmission Line Right-of-Way		2.00%	2.00%
4a	Residential Nonhomestead 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		1.25%	N/A
4bb(1)	Residential Non-Homestead Single Unit	First $500,000	1.00%	N/A
		Over $500,000	1.25%	N/A
4bb(2)	Agricultural Non-Homestead Single Unit - (HGA)	First $500,000	1.00%	N/A
		Over $500,000	1.25%	N/A
4bb(3)	Condominium Storage Unit	First $500,000	1.00%	N/A
		Over $500,000	1.25%	N/A
4c(1)	Seasonal Residential Recreational Commercial (resort)	First $500,000	1.00%	1.00%
		Over $500,000	1.25%	1.25%

Class	Description	Tiers	Class Rate	State General Rate
4c(2)	Qualifying Golf Course		1.25%	N/A
4c(3)(i)	Non-Profit Community Service Org. (non-revenue)		1.50%	N/A
	Congressionally Chartered Veterans Organization (non-revenue)		1.00%	N/A
4c(3)(ii)	Non-Profit Community Service Org. (donations)		1.50%	1.50%
	Congressionally Chartered Veterans Organization (donations)		1.00%	1.00%
4c(4)	Post-Secondary Student Housing		1.00%	N/A
4c(5)(i)	Manufactured Home Park		1.25%	N/A
4c(5)(ii)	Manufactured Home Park (>50% owner-occupied)		0.75%	N/A
4c(5)(ii)	Manufactured Home Park (50% or less owner-occupied)		1.00%	N/A
4c(5)(iii)	Class I Manufactured Home Park		1.00%	N/A
4c(6)	Metro Non-Profit Recreational Property		1.25%	N/A
4c(7)	Certain Non-Comm. Aircraft Hangars and Land (leased land)		1.50%	N/A
4c(8)	Certain Non-Comm. Aircraft Hangars and Land (private land)		1.50%	N/A
4c(9)	Bed & Breakfast		1.25%	N/A
4c(10)	Seasonal Restaurant on a Lake		1.25%	N/A
4c(11)	Marina	First $500,000	1.00%	N/A
		Over $500,000	1.25%	N/A
4c(12)	Seasonal Residential Recreational Non-Commercial	First $76,000	1.00%	0.40%
		$76,000 - $500,000	1.00%	1.00%
		Over $500,000	1.25%	1.25%
4d(1)	Low Income Rental Housing (Per Unit)		0.25%	N/A
4d(2)	Homestead Community Land Trust (Per Unit)		0.75%	N/A
5(1)	Unmined Iron Ore and Low-Grade Iron-Bearing Formations		2.00%	2.00%
5(2)	All Other Property		2.00%	N/A

Appendix D – Green Acres and Rural Preserve Values

The Minnesota Agricultural Property Tax Law (referred to as "Green Acres") helps insulate farm owners from rising land values due to non-agricultural influences on the land – such as nearby residential and commercial development, or seasonal cabin and resort properties.

Property enrolled in the Green Acres program is valued at its agricultural value rather than its highest and best use value (which may be impacted by development pressures). This provides a lower taxable value for qualifying properties and redistributes the tax burden to other properties in the same jurisdiction.

Only property classified as class 2a agricultural land under Minnesota Statutes section 273.13, subdivision 23 can qualify for Green Acres, and at least 10 contiguous acres must be used (unless it is a qualifying nursery or greenhouse).

Green Acres is a property tax deferral program. When a property is sold, transferred, or no longer qualifies for the program, the owner has to pay the difference in tax for the last three years of enrollment. When a property enrolled in Green Acres is sold to another person who may qualify for the program, the new owner must apply to the county assessor within 30 days of the purchase for the program to continue on the property.

Taxable Green Acres Value

Green Acres requires assessors to look at qualifying agricultural property in two ways.

- First, the assessor must value the property according to its highest and best use (as is done for all properties). This may include non-agricultural value influences.
- Then the assessor must determine the agricultural value of the property based on Department of Revenue guidance.
- If the agricultural value is below the highest and best use value, the assessor must use the agricultural value for tax purposes.

The Minnesota Department of Revenue establishes agricultural land values throughout the state in consultation with the University of Minnesota. (See Minnesota Statutes, section 273.111, subdivision 4.)

Analyzing Agricultural Sales

To establish these agricultural values, the department examines sales of agricultural land throughout the state. (See Minnesota Statutes, section 273.111, subdivision 4.)

The department looks at agricultural sales in each of the 87 counties to determine Green Acres values that reflect the agricultural economy in general. When determining Green Acres values, the department attempts to identify pure agricultural sales—sales that were not influenced by developmental pressure or other non-agricultural factors.

To identify pure agricultural sales, the department identifies areas where development pressure may affect the sale price of agricultural land. Properties from these areas are removed from the sales data. The remaining sales are used to determine Green Acres values for tillable and non-tillable land in each county.

Identifying Areas with Non-Agricultural Influences

The department has identified three variables that may indicate non-agricultural influences in a particular area, city, or town:

- Change in number of households
- Newly created non-agricultural parcels
- Annexations to cities and towns

These variables indicate the change in the previous three years for each city or town in Minnesota.[9] Each variable is assigned a threshold that may indicate development pressure:

- More than five households in a city or town
- More than five new non-agricultural parcels in a city or town
- Any annexations (for all cities and towns in and surrounding the annexation)

Agricultural sales in areas that meet any two of the thresholds are flagged as sales with potential non-agricultural influence. These sales are referred to the department's regional Property Tax Compliance Officers (PTCOs) for further review.

Whenever a PTCO confirms that non-agricultural influence may have affected the price of a sale, it is removed from the sales data used to determine the Green Acres value. Sales are also removed if they include land on a lake or river, include non-agricultural land, or represent outliers in the data.

Determining Agricultural Values

After sales with potential non-agricultural influences are removed from the sales data, the remaining sales are used to determine each county's agricultural value, used for Green Acres purposes.

These values are calculated using a basic regression and the county's sales data from the previous 12 months—sale prices, tillable acres, and non-tillable acres. This regression estimates a value per acre for tillable land (β_1) and non-tillable land (β_2).

$$Sale\ Price\ =\ \beta 1\ *\ Tillable\ Acres\ +\ \beta 2\ *\ Non-Tillable\ Acres$$

Equation 2

The size and representativeness of sales data can vary by county and year to year. As a result, the Green Acres values calculated with a county's data for the previous 12 months may not always be reliable.

To get more data, the regression is run using two additional data sets: the previous 21 months of sales in each county and the previous 12 months of sales in each agricultural region. If a county's 12-month value is questionable, the additional results are considered, prioritizing the 21-month results for the county over the 21-month results for the agricultural regions.

[9] Data for the three variables comes from the Minnesota State Demographic Center, Metropolitan Council, Market Value by Parcel File, and Minnesota Geospatial Information Office.

If all three regressions fail to yield a consistent Green Acres value, the Property Tax Division's staff sets Green Acres values based on surrounding counties, counties with similar agricultural markets, and previous years' Green Acres values.

Rural Preserve

The Rural Preserve Property Tax Program complements Green Acres and provides similar property tax benefits for class 2b rural vacant land that is part of a contiguous farm enrolled in Green Acres (see Minnesota Statutes, section 273.114).

As with Green Acres, a portion of taxable value is deferred for qualifying land while it is enrolled in the program. The assessor determines two values for the land: a "highest and best use value" based on market conditions, and a value that is uninfluenced by non-agricultural factors such as residential or commercial development. The assessor must use whichever value is lower for property tax purposes.

This provides a lower taxable value for qualifying properties and redistributes the tax burden to other properties in the same jurisdiction. When a property is sold, transferred, or no longer qualifies for the program, the owner must pay the difference in tax for the last three years of enrollment.

Taxable Rural Preserve Value

Rural Preserve values may be different than Green Acres values. Each year, the department issues a memo to notify counties of their Green Acres values for tillable and non-tillable agricultural lands. The department urges counties to use the following guidelines to calculate Rural Preserve values:

- For otherwise tillable lands, use the Green Acres tillable land value.
- For non-tillable lands that are otherwise pasturable, use their non-tillable Green Acres value.
- For unusable waste, wild land, swamp land, etc., use 50% of the **non-tillable** Green Acres value.

Examples

1. If the county has estimated the value of woods at $2,500 per acre because of recreational or other non-agricultural value influences, and the value for Rural Preserve is $2,200, the deferral is based on the $300 per acre difference.
2. If a county has estimated the value of a swamp at $1,800 per acre because of recreational or other non-agricultural market value influences, and the value for Rural Preserve is $2,200, then the recommended Rural Preserve value for the **unusable** swamp land is $1,100 per acre (50% of $2200), and the deferral is based on the $700 difference in value.
3. If a county has valued a swamp at $900 per acre due to lack of non-agricultural market influences, and the recommended value for Rural Preserve is $2,200 and 50% of that value is $1,100, there is no deferral. (The property may still be enrolled in the program, but the tax deferral only applies if the EMV set by the county exceeds the Rural Preserve value.)

Unusable wasteland often carries a very low estimated market value, which may not be high enough to receive a tax deferral under Rural Preserve (as shown in Example 3). However, there may be some areas of the state where recreational uses are affecting the market value of these unusable wastelands that are part of a farm.

County Average Value Per Acre – Assessment Year 2024

County	Tillable Value	Non-Tillable Value
Aitkin	2,200	1,500
Anoka	4,500	2,800
Becker	5,400	2,200
Beltrami	1,800	1,400
Benton	4,200	2,800
Big Stone	6,600	1,800
Blue Earth	10,600	2,100
Brown	12,400	2,000
Carlton	2,000	1,700
Carver	9,500	3,100
Cass	3,400	2,100
Chippewa	10,000	1,800
Chisago	4,500	2,800
Clay	7,100	1,800
Clearwater	3,200	1,400
Cook	1,200	1,100
Cottonwood	12,000	1,800
Crow Wing	3,000	2,100
Dakota	9,500	3,200
Dodge	11,500	2,500
Douglas	5,600	2,400
Faribault	10,200	1,800
Fillmore	9,000	3,600
Freeborn	9,800	1,800
Goodhue	9,600	3,000
Grant	7,500	2,200
Hennepin	10,000	3,200
Houston	7,200	4,000
Hubbard	3,500	2,100
Isanti	4,400	3,100
Itasca	2,000	1,200
Jackson	11,100	1,800
Kanabec	3,600	1,700
Kandiyohi	10,100	1,900
Kittson	3,600	1,100
Koochiching	1,200	1,000
Lac qui Parle	7,500	1,800
Lake	1,300	1,100

County	Tillable Value	Non-Tillable Value
Lake of the Woods	1,600	1,000
Le Sueur	10,000	3,200
Lincoln	8,500	1,800
Lyon	9,600	1,800
McLeod	10,000	2,200
Mahnomen	4,300	1,400
Marshall	3,500	1,100
Martin	11,100	1,800
Meeker	8,000	2,100
Mille Lacs	4,100	1,800
Morrison	4,200	1,800
Mower	11,100	1,800
Murray	11,500	1,800
Nicollet	12,700	2,200
Nobles	13,000	2,000
Norman	5,900	1,400
Olmsted	10,800	3,800
Otter Tail	5,400	2,200
Pennington	3,200	1,200
Pine	3,300	1,800
Pipestone	10,500	2,500
Polk	5,000	1,200
Pope	6,600	2,400
Ramsey	9,800	3,200
Red Lake	3,400	1,200
Redwood	11,600	1,900
Renville	12,400	1,800
Rice	10,000	3,200
Rock	14,500	2,500
Roseau	2,300	1,100
St. Louis	1,400	1,100
Scott	9,500	3,200
Sherburne	4,400	2,900
Sibley	12,200	2,400
Stearns	7,100	3,000
Steele	11,600	2,000
Stevens	7,600	2,000
Swift	8,600	1,800
Todd	4,400	2,400
Traverse	7,500	1,800
Wabasha	9,200	3,800

County	Tillable Value	Non-Tillable Value
Wadena	2,800	2,000
Waseca	11,600	2,000
Washington	9,600	3,200
Watonwan	10,900	1,800
Wilkin	7,000	1,800
Winona	9,200	4,000
Wright	8,400	3,400
Yellow Medicine	9,900	1,800

Appendix E – Maps: Statewide Market Values and Assessment Practices Indicators

The following pages contain statewide charts and maps with information about Minnesota property values, sales ratio measures, and the Green Acres and Rural Preserve programs.

MAP 1 displays the percent change in estimated market value for each county from assessment years 2023 to 2024.

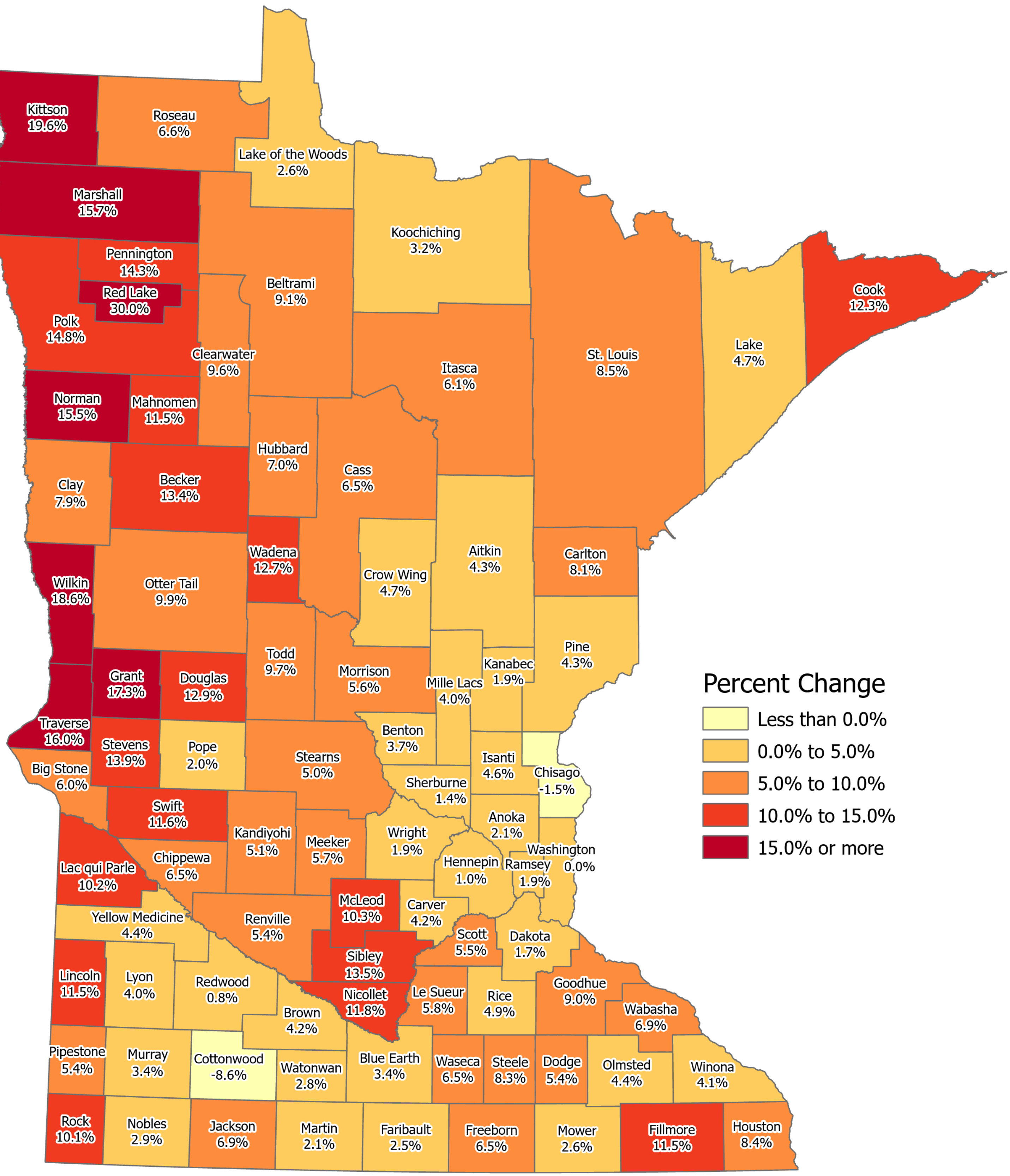
MAP 2 displays the real property sales per 100 parcels for each county for assessment year 2024.

MAP 3 shows taxable tillable Green Acres and Rural Preserve values. Higher taxable values are shown in the southern portion of the state while lower taxable values are shown in the northeastern part of the state.

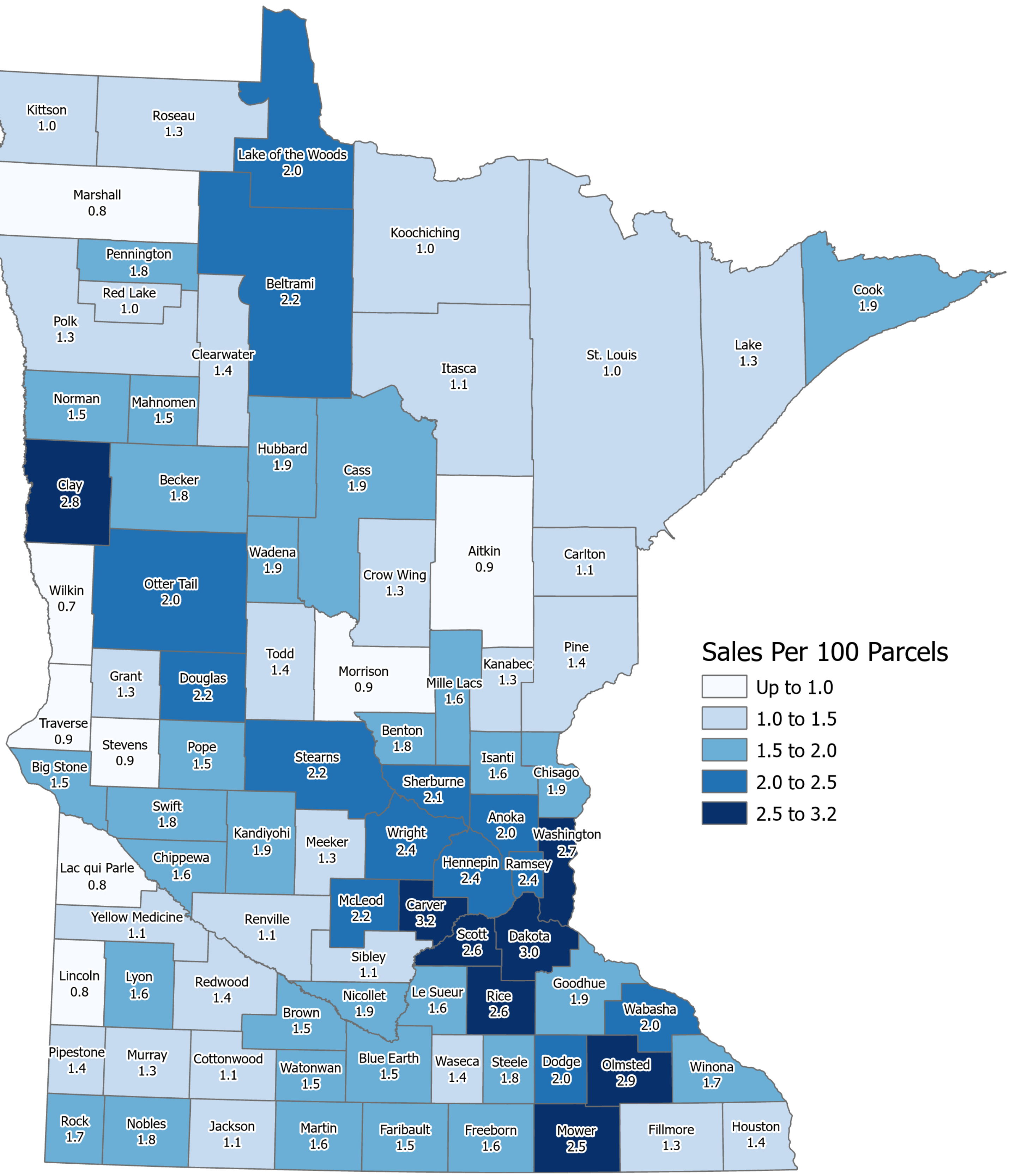
MAP 4 shows taxable non-tillable Green Acres and Rural Preserve values. Values to be used for non-tillable properties enrolled in Green Acres or Rural Preserve do not vary as widely as the values for tillable properties. The non-tillable values are closer to the tillable values in the northern half of the state.

MAP 5 shows the percentage of county EMV that is a result of new construction first assessed in the 2024 assessment year.

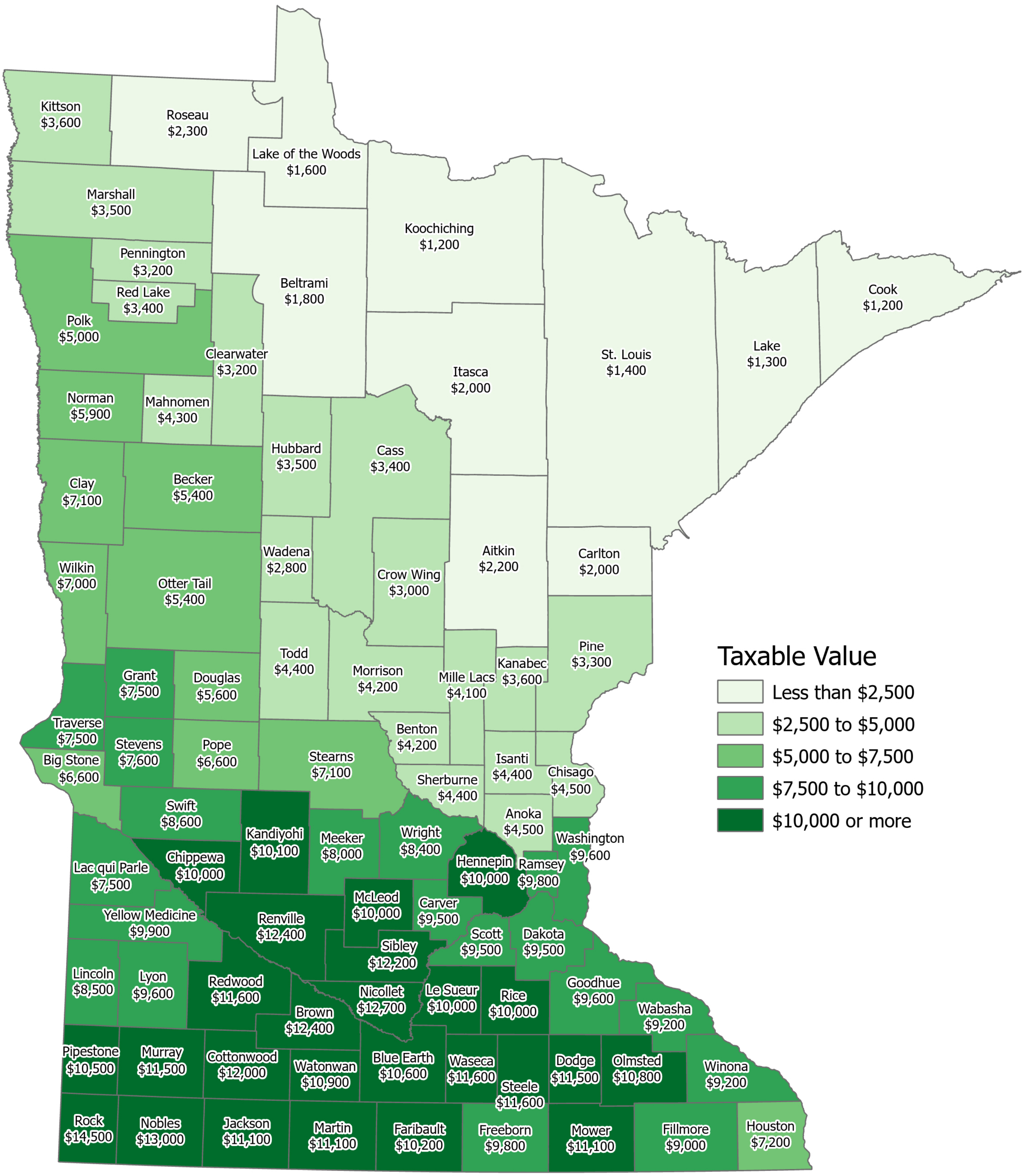
Percent Change in Total Estimated Market Value 2023-2024



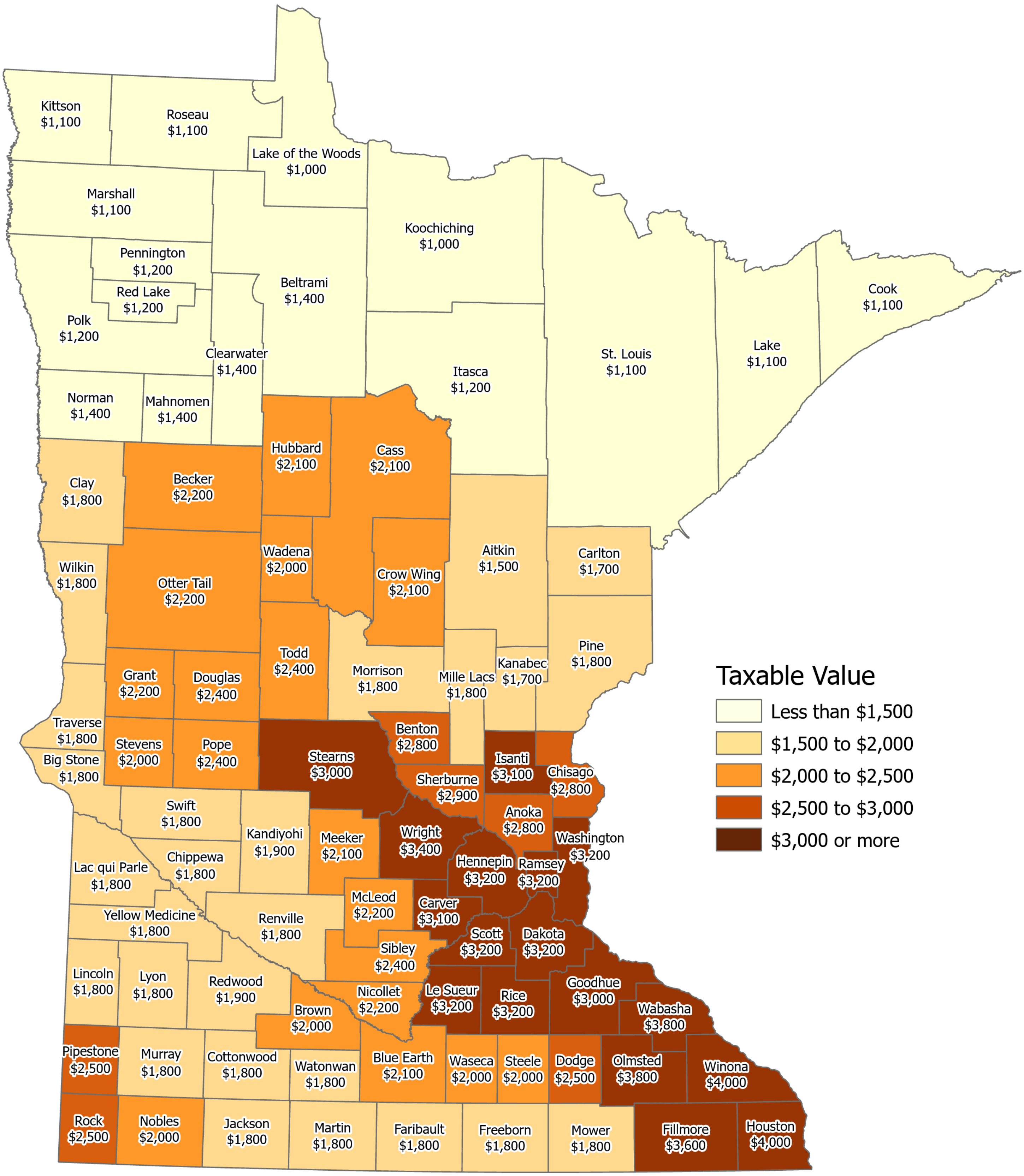
Real Property Sales Per 100 Parcels in 2024



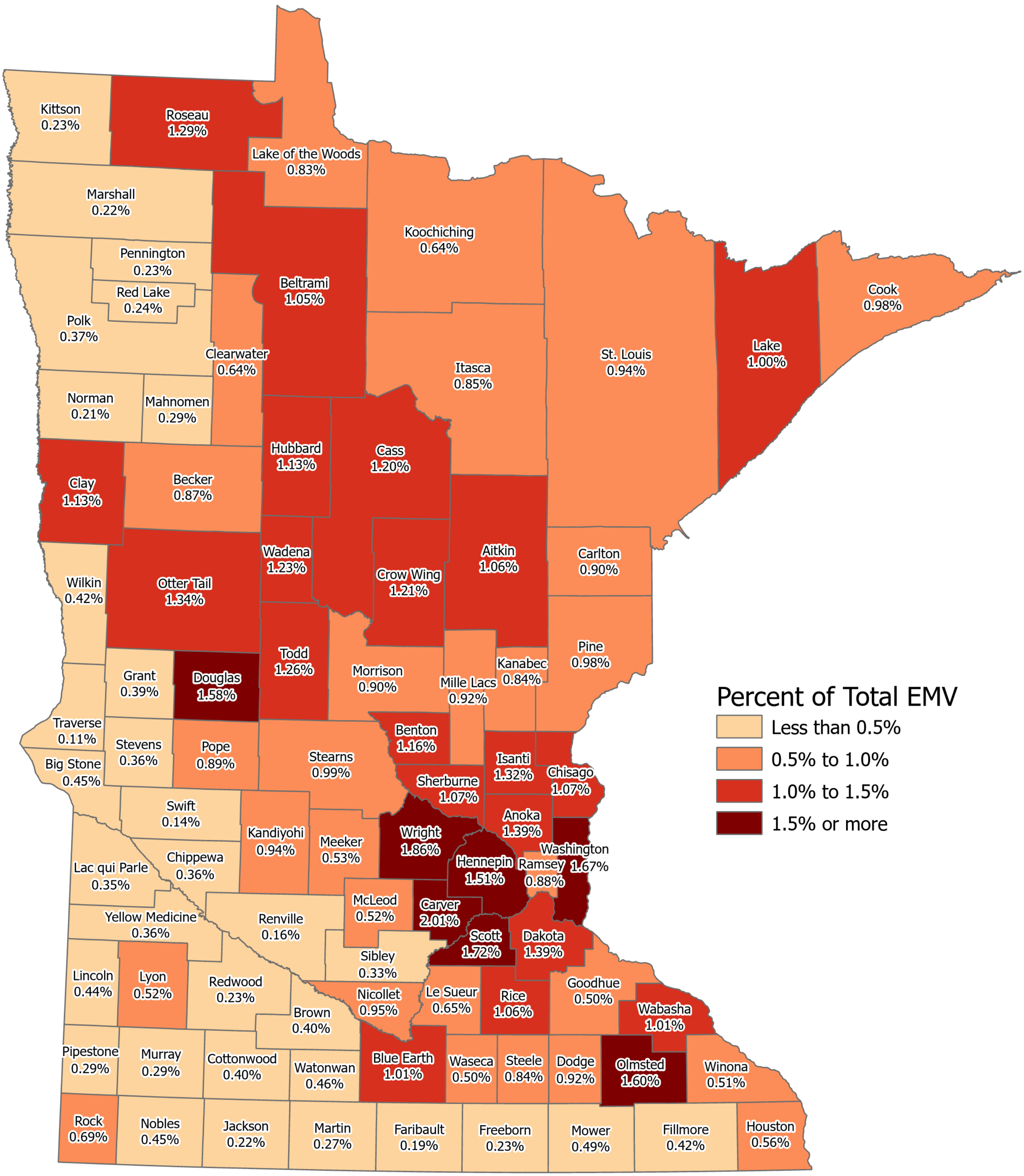
Taxable Tillable Green Acres/Rural Preserve Value (2024 Assessment)



Taxable Non-Tillable Green Acres and Rural Preserve Value (2024 Assessment)



New Construction EMV as a Percentage of Total EMV (2024 Assessment)



Appendix F – Glossary

ADJUSTED MEDIAN RATIO The adjusted median ratio is calculated by multiplying the median ratio by one plus the overall percent change in value made by the local assessor between the prior and current assessment year. The change in assessor's value is also called local effort.

Adjusted Median Ratio = Median Ratio × (1 + Local Effort)
Equation 3

CERTIFICATE OF REAL ESTATE VALUE (CRV) A certificate of real estate value must be filed with the county auditor whenever real property is sold or conveyed in Minnesota. Information reported on the CRV includes the sales price, the value of any personal property, if any, included in the sale, and the financial terms of the sale. The CRV is eventually filed with the Property Tax Division of the Minnesota Department of Revenue.

CLASSIFICATION In Minnesota, property is classified according to its use on the assessment date – January 2. The classification system is used to identify a given property's classification rate, which in turn determines the share of the tax burden borne by that property. There are five main property tax classifications used in Minnesota. However, in reality, the breakdown of property tax classifications includes 44 specific statutory descriptions that result in different class rates based on value tiers and homestead benefits. A classification rate table is shown in Appendix C.

COEFFICIENT OF DISPERSION (COD) The coefficient of dispersion is a measurement of variability (the spread or dispersion) and provides a simple numerical value to describe the distribution of sales ratios in relationship to the median ratio of a group of properties sold. The COD is also known as the "index of assessment inequality" and is the percentage by which the various sales ratios differ, on average, from the median ratio.

ESTIMATED MARKET VALUE (EMV) The estimated market value is the assessor's estimate of what a property would sell for on the open market with a typically motivated buyer and seller without special financial terms. This is the most probable price, in terms of money, that a property would bring in an open and competitive market. The EMV for a property is finalized on the assessment date, which is Jan. 2 of each year.

MEDIAN RATIO The median ratio is a measure of central tendency. It is the sales ratio that is the midpoint of all ratios. Half of the ratios fall above this point and the other half fall below this point. The median ratio is used for the State Board of Equalization and the Minnesota Tax Court studies after all final adjustments.

NET TAX CAPACITY In Minnesota, property taxes are based on a property's net tax capacity, which is its taxable market value multiplied by its classification rate.

Taxable Market Value	×	*Classification Rate*	=	*Net Tax Capacity (NTC)*

Equation 4

For example, consider a residential homestead with a Taxable Market Value of $100,000:

$100,000	×	*1.00%*	=	*$1,000 NTC*

SALES RATIO A sales ratio is the ratio comparing the market value of a property with the actual sales price of the property. The market value is determined by the county assessor and reported annually to the Department of Revenue. The actual sales price is reported on the Certificate of Real Estate Value (eCRV).

STATE BOARD OF EQUALIZATION The State Board of Equalization consists of the Department of Revenue, who has the power to review sales ratios for counties and make adjustments in order to bring estimated market values within the accepted range of 90 to 105 percent.

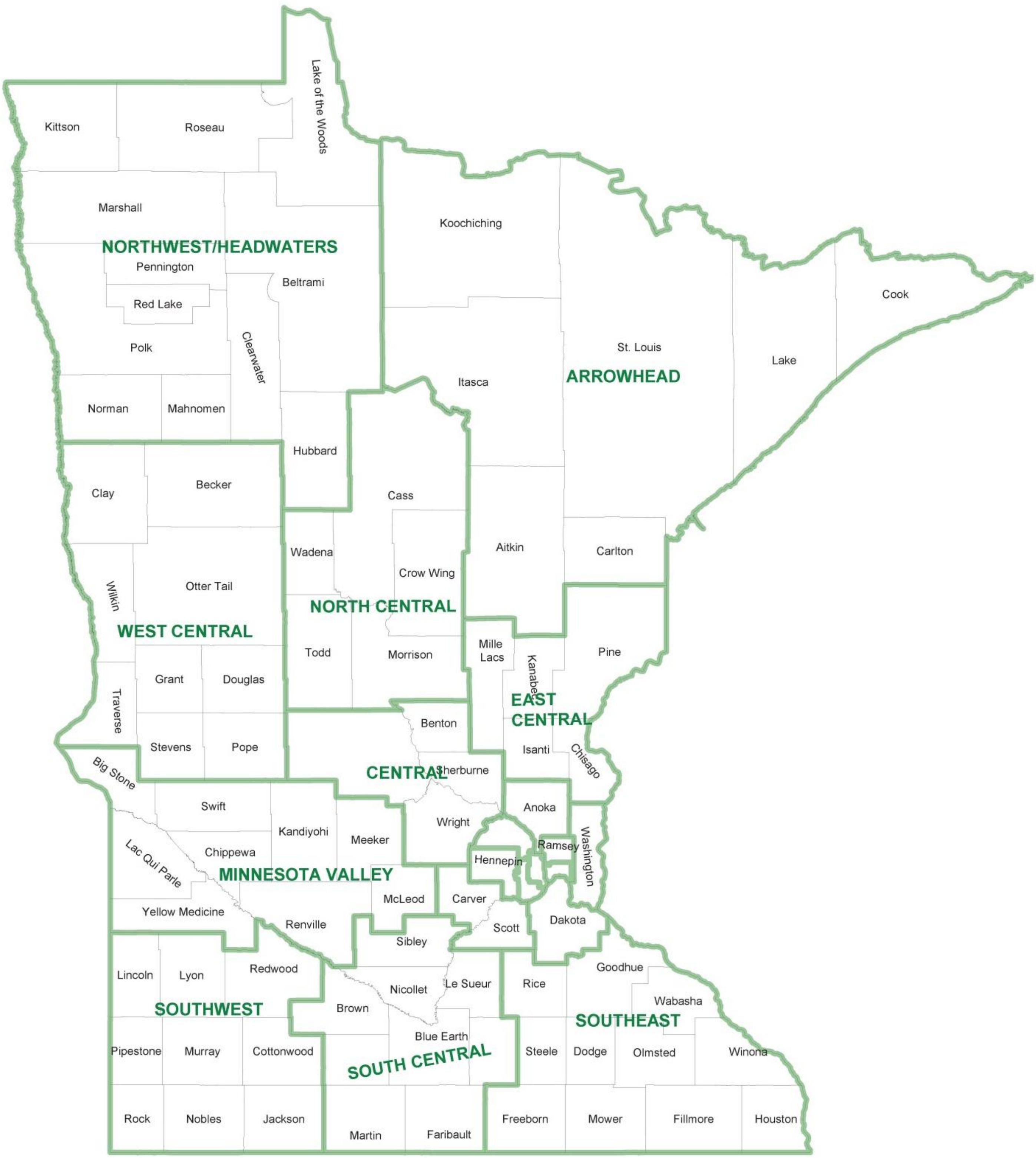
STATE BOARD ORDER A state board order is issued by the State Board of Equalization to adjust the market values of certain property within certain jurisdictions.

TAXABLE MARKET VALUE (TMV) The taxable market value is the value that a property is actually taxed on after all limits, deferrals, and exclusions are calculated. It may or may not be the same as the property's estimated market value or limited market value.

TRIMMING METHOD The trimming method used here is to exclude sales with rations less than 0.5 or greater than 2. This eliminates a few extreme sales that would distort the COD.

VOSS REGIONS Maps showing the Voss regions used in the report are on the following pages.

Voss Regions – Greater Minnesota Map



Voss Regions- Metro Map