

House Research Simulation Report: Property Tax

Simulation #8A3

Date 10/21/2008

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DESCRIPTION

BASELINE: Final Pay 2007

ALTERNATIVE: Final Pay 2008

This report compares property taxes payable in 2008 to property taxes payable in 2007. The data for both years is final data as reported by the counties to the Dept. of Revenue. The breakout of market value between value on existing structures and new construction amounts is based on data reported by the counties to the Dept. of Revenue.

KEY POINTS

- **Statewide, property taxes increased by \$524 million, or 7.8%.** Approximately \$152 million of the \$524 million increase is borne by new construction - property appearing on the tax rolls for the first time in 2008. The overall tax increases are 8.1% in Greater Minnesota and 7.5% in the Metro area.
- **On a statewide average basis, property tax changes on existing property vary** from -0.6% (on public utility property) to 10.8% (on residential nonhomestead property). Increases on the largest property types are 4.4% on residential homesteads, 6.3% on commercial-industrial property, 9.2% on agricultural property, 1.8% on apartments, and 8.3% on seasonal recreational property.

The simulations are estimates only. House Research strives to make property tax simulations accurate, but simulations are only approximations of reality. Generally the results are most accurate on a statewide level, and tend to be less accurate as the jurisdiction under scrutiny gets smaller.

BASELINE: Final Pay 2007

- **Property values** (taxable market values) are actual values reported by county assessors on the abstracts of assessment. (Note that property value in JOBZ zones is not included in the figures shown.)
- **Local government levies** are levies reported by county auditors on the abstracts of tax lists.
- **Property tax credits** are as reported by county auditors on the abstracts of tax lists.

ALTERNATIVE: Final Pay 2008

- **Property values** (taxable market values) are actual values reported by county assessors on the abstracts of assessment. (Note that property value in JOBZ zones is not included in the figures shown.)
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SIMULATION PARAMETERS

	Baseline	Alternative
Residential homestead:		
<\$500,000	1.0%	1.0%
>\$500,000	1.25	1.25
Residential non-homestead:		
Single unit:		
<\$500,000	1.0	1.0
>\$500,000	1.25	1.25
2-3 unit and undeveloped land	1.25	1.25
Apartments:		
Regular	1.25	1.25
Low-income	0.75	0.75
Commercial-industrial-public utility:		
<\$150,000	1.5	1.5
>\$150,000	2.0	2.0
Electric generation machinery	2.0	2.0
Seasonal recreational commercial:		
Homestead resorts (1c):		
<\$500,000	0.55	0.55
\$500,000 - \$2,200,000	1.0	1.0
>\$2,200,000	1.25	1.25
Nonhomestead resorts (4c):		
<\$500,000	1.0	1.0
>\$500,000	1.25	1.25
Seasonal recreational residential:		
<\$500,000	1.0	1.0
>\$500,000	1.25	1.25
Disabled homestead first \$32,000	0.45	0.45
Agricultural land & buildings:		
Homestead:		
<\$690,000	0.55	0.55
\$690,000 - \$790,000	1.0	0.55
>\$790,000	1.0	1.0
Nonhomestead	1.0	1.0
Credits:		
Homestead:		
Rate	0.4%	0.4%
Maximum	\$304	\$304
Phase-out rate	0.09%	0.09%
Agricultural:		
Rate	0.3%	0.3%
Maximum	\$345	\$345
Phase-out rate	0.05%	0.05%

House Research Department