

*vibrant, sustainable and equitable*

# Building Communities

*Together, it's what we do!*



## Property Tax 101:

A Guide for Minnesota Residents

2019-2020

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**NOTE: This is an interactive document.** The table of contents and orange text are hyperlinked to corresponding sections or sites. When your cursor changes to a hand while scrolling over the table of contents section headings, **press your “control” button on your keyboard, then click with your mouse** and you’ll jump to that section within the document or corresponding site. Page headings are linked back to the table of contents.

## Real & Personal Property

By type for taxes payable in 2019 &amp; 2020

\*Referendum Market Value

CLASS	PROPERTY DESCRIPTION	PAY 2019	PAY 2020	SUBJECT TO RMV* TAX	SUBJECT TO STATE TAX	
1a	Residential Homestead	First \$500,000	1.00%	1.00%	Yes	No
		Over \$500,000	1.25%	1.25%	Yes	No
1b	Blind/Disabled Homestead	First \$50,000	0.45%	0.45%	Yes - 45%	No
		\$50,001 - \$500,000	1.00%	1.00%	Yes	No
		Over \$500,000	1.25%	1.25%	Yes	No
1c	Resort Homestead	First \$600,000	0.50%	0.50%	Yes - 50%	No
		\$600,001 - \$2,300,000	1.00%	1.00%	Yes	No
		Over \$2,300,000	1.25%	1.25%	Yes	Yes
1d	Seasonal Workers Housing	First \$500,000	1.00%	1.00%	Yes	No
		Over \$500,000	1.25%	1.25%	Yes	No
2a	Agricultural Homestead (house, garage & one acre)	First \$500,000	1.00%	1.00%	Yes	No
		Over \$500,000	1.25%	1.25%	Yes	No
2a/2b	Remainder of Farm	First \$1,900,000	0.50%		No	No
		Over \$1,900,000	1.00%		No	No
		First \$1,880,000		0.50%	No	No
		Over \$1,880,000		1.00%	No	No
2a/2b	Non-Homestead Agricultural	All Value	1.00%	1.00%	No	No
2b	Rural Vacant Land	All Value	1.00%	1.00%	No	No
2c	Managed Forest Land	All Value	0.65%	0.65%	No	No
2d	Private Airports	All Value	1.00%	1.00%	No	No
2e	Commercial Aggregate Deposit	All Value	1.00%	1.00%	No	No
3a*	Commercial/ Industrial/ Utility (not including utility machinery)	First \$100,000	1.50%	1.50%	Yes	No
		\$100,001 - \$150,000	1.50%	1.50%	Yes	Yes
		Over \$150,000	2.00%	2.00%	Yes	Yes
	Electric Generation Public Utility Machinery	All Value	2.00%	2.00%	Yes	No
	All Other Public Utility Machinery	All Value	2.00%	2.00%	Yes	No

TOOL A: MINNESOTA CLASS RATE PERCENTAGES

CLASS	PROPERTY DESCRIPTION		PAY 2019	PAY 2020	SUBJECT TO RMV* TAX	SUBJECT TO STATE TAX
	<b>Transmission Line Right-of-Way</b>	All Value	2.00%	2.00%	Yes	Yes
4a	<b>Residential Non-Homestead</b> ( <i>Apartment, 4+ units</i> )	All Value	1.25%	1.25%	Yes	No
4b(1)	<b>Residential Non-Homestead</b> ( <i>1-3 units</i> )	All Value	1.25%	1.25%	Yes	No
4b(2)	<b>Unclassified Manufactured Home</b>	All Value	1.25%	1.25%	Yes	No
4b(3)	<b>Agricultural Non-Homestead Residence</b> ( <i>2-3 units</i> )	All Value	1.25%	1.25%	Yes	No
4b(4)	<b>Unimproved Residential Land</b>	All Value	1.25%	1.25%	Yes	No
4bb(1)	<b>Residential Non-Homestead</b> ( <i>Single unit</i> )	First \$500,000	1.00%	1.00%	Yes	No
		Over \$500,000	1.25%	1.25%	Yes	No
4bb(2)	<b>Agricultural Non-Homestead</b> ( <i>Single unit, HGA</i> )	First \$500,000	1.00%	1.00%	Yes	No
		Over \$500,000	1.25%	1.25%	Yes	No
4bb(3)	<b>Condominium Storage Unit</b>	First \$500,000	1.00%	1.00%	Yes	No
		Over \$500,000	1.25%	1.25%	Yes	No
4c(1)	<b>Seasonal Residential Recreational Commercial</b> ( <i>Resort</i> )	First \$500,000	1.00%	1.00%	Yes	Yes
		Over \$500,000	1.25%	1.25%	Yes	Yes
4c(2)	<b>Qualifying Golf Course</b>	All Value	1.25%	1.25%	Yes	No
4c(3)(i)	<b>Nonprofit Community Service Org.</b> ( <i>Non-revenue</i> )	All Value	1.50%	1.50%	Yes	No
	Congressionally Chartered Veterans Org.		1.00%	1.00%	Yes	No
4c(3)(ii)	<b>Nonprofit Community Service Org.</b> ( <i>Donations</i> )	All Value	1.50%	1.50%	Yes	Yes
	Congressionally Chartered Veterans Org.		1.00%	1.00%	Yes	Yes
4c(4)	<b>Post-Secondary Student Housing</b>	All Value	1.00%	1.00%	No	No
4c(5)(i)	<b>Manufactured Home Park</b>	All Value	1.25%	1.25%	Yes	No
4c(5)(ii)	<b>Manufactured Home Park</b>	> 50% owner occupied	0.75%	0.75%	Yes - 75%	No
		< 50% owner occupied	1.00%	1.00%	Yes	No
4c(5)(iii)	<b>Class I Manufactured Home Park</b>	All Value	1.00%	1.00%	Yes	No
4c(6)	<b>Metro Nonprofit Recreational Property</b>	All Value	1.25%	1.25%	Yes	No

TOOL A: MINNESOTA CLASS RATE PERCENTAGES

CLASS	PROPERTY DESCRIPTION	PAY 2019	PAY 2020	SUBJECT TO RMV* TAX	SUBJECT TO STATE TAX
4c(7)	<b>Certain Noncommercial Aircraft Hangars &amp; Leased Land</b> All Value	1.50%	1.50%	Yes	No
4c(8)	<b>Certain Noncommercial Aircraft Hangars &amp; Private Land</b> All Value	1.50%	1.50%	Yes	No
4c(9)	<b>Bed &amp; Breakfast</b> All Value	1.25%	1.25%	Yes	No
4c(10)	<b>Seasonal Restaurant on a Lake</b> All Value	1.25%	1.25%	Yes	No
4c(11)	<b>Marina</b> First \$500,000 Over \$500,000	1.00% 1.25%	1.00% 1.25%	Yes Yes	No No
4c(12)*	<b>Seasonal Residential Recreational Noncommercial</b> First \$76,000 \$76,001 - \$500,000 Over \$500,000	1.00% 1.00% 1.25%	1.00% 1.00% 1.25%	No No No	Yes - 0.40% Yes - 1.00% Yes - 1.25%
4d	<b>Low-Income Rental Housing (Per unit)</b> First \$139,000 Over \$139,000 First \$150,000 Over \$150,000	0.75% 0.25%	0.75% 0.25%	Yes - 75% Yes - 25%	No No
5(1)	<b>Unmined Iron Ore &amp; Low-Grade Iron-Bearing Formations</b> All Value	2.00%	2.00%	Yes	Yes
5(2)	<b>All Other Property</b> All Value	2.00%	2.00%	Yes	No

\* For purposes of the **STATE GENERAL PROPERTY TAX ONLY** the net tax capacity of **3a Commercial/ Industrial/ Utility** property (with the exception of electric generating public utility machinery, all other public utility machinery and any machinery and/or tools identified as personal property) has the following class rate structure:

First \$100,000	0.00%	0.00%
\$100,001 - \$150,000	1.50%	1.50%
Over \$150,000	2.00%	2.00%

\* For purposes of the **STATE GENERAL PROPERTY TAX ONLY** the net tax capacity of **4c(1) Seasonal Residential Recreational Commercial (Resort)** property has the following class rate structure:

First \$76,000	0.40%	1.00%
\$76,001 - \$500,000	1.00%	1.00%
Over \$500,000	1.25%	1.25%

In addition to the state tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the state general property tax (MSP International Airport and Holman Field in St. Paul are exempt under this provision)

## County of Spruce

Example of local tax rates

TAXING AUTHORITY	TAX CAPACITY BASED	REFERENDUM MARKET VALUE
County	71.464%	0.00000%
City	16.518%	0.00000%
School District	24.239%	0.23010%
Metropolitan Special Taxing District	3.491%	0.00000%
Other Special Taxing District	0.519%	0.00000%
<b>TOTAL TAX RATE</b>	<b>116.231%</b>	<b>0.23010%</b>

### OTHER TAXING AUTHORITY

State of Minnesota

Commercial Property	38.846%
Seasonal Residential Rec (Cabins)	17.997%

### FISCAL DISPARITIES (Metro Only)

City Sharing Factor	0.251152
Area-Wide Tax Rate	142.454%

Example of a tax calculation on a homestead property in Spruce County (not in a tax increment district).

## Taxable market value: \$200,000

### HOMESTEAD TAX CALCULATION (EXAMPLE)

#### STEP 1: Calculate the taxable Market Value after exclusion

Taxable market value prior to exclusion	40%	x	\$76,000	=	\$30,400
Less	9%	x	\$124,000	=	(\$11,160)
			Total market value exclusion =		\$19,240
<b>TOTAL TAXABLE MARKET VALUE AFTER EXCLUSION =</b>					<b>\$180,760</b>

#### STEP 2: Calculate the Net Tax Capacity

1.00% x first \$500,000 of taxable market value after exclusion	\$1,808
1.25% x taxable market value after exclusion in excess of \$500,000	0
<b>TOTAL NET TAX CAPACITY = \$1,808</b>	

#### STEP 3: Calculate the Local Tax

Local tax	116.231%	x	\$1,808	=	\$2,101.46
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#### STEP 4: Calculate the Market Tax

Market tax	0.23010%	x	\$200,000	=	\$460.20
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#### STEP 5: Add net Local & Market Taxes

	Local tax	\$2,101.46
	+ Market tax	\$460.20
<b>TOTAL HOMESTEAD PROPERTY TAX</b>		<b>\$2,561.66</b>

Example of a tax computation on an agricultural homestead property in Spruce County (not in agricultural preserve, excluding house, garage and first acre).

## Taxable market value: \$200,000

### HOMESTEAD AGRICULTURAL TAX CALCULATION (EXAMPLE)

#### STEP 1: Calculate the Net Tax Capacity

0.5% x first \$2,050,000 of taxable market value	\$1,000
<b>TOTAL NET TAX CAPACITY =</b>	<b>\$1,000</b>

#### STEP 2: Calculate the Local Tax

Local tax payable =	116.231%	x	\$1,000	=	\$1,162.31
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#### STEP 3: Calculate the Referendum Market Tax

Market tax payable =	0.23010%	x	\$0	=	\$0.00
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*(Agricultural property does not pay referendum market value based taxes)*

#### STEP 4: Calculate the Agricultural Homestead Credit

0.3% x first \$115,000 of agricultural market value	(\$345)
0.1% of agricultural market value over \$155,000 but less than \$260,000	(\$85)
\$260,000 and over - max. \$490.00	<b>(\$430)</b>

#### STEP 5: Determine Total Taxes

Local tax	\$1,162.31
+ Market tax	\$0.00
<b>LESS</b> Agricultural homestead credit	(\$430)
<b>TOTAL HOMESTEAD AGRICULTURAL PROPERTY TAX PAYABLE</b>	<b>\$732.31</b>



Example of a tax computation on a commercial preferred property in Spruce County (not in a tax increment district).

## Taxable market value: \$1,000,000

### COMMERCIAL TAX CALCULATION: METRO-AREA (EXAMPLE)

**STEP 1: Calculate the Net Tax Capacity**

1.50% x first \$150,000 of estimated market value	\$2,250
2.00% x estimated market value after exclusion in excess of \$150,000	\$17,000
<b>TOTAL NET TAX CAPACITY =</b>	<b>\$19,250</b>

**STEP 2: Calculate the Fiscal Disparity Net Tax Capacity**

Total net tax capacity ( <i>Step 1 result</i> ) x City's fiscal disparity sharing factor (0.251125)	\$4,835
<b>TOTAL FISCAL DISPARITY NET TAX CAPACITY =</b>	<b>\$4,835</b>

**STEP 3: Calculate the Local Net Tax**

Total net tax capacity - <i>Step 1 result</i>	\$19,250
<b>LESS</b> total fiscal disparity net tax capacity - <i>Step 2 result</i>	(\$4,835)
<b>TOTAL LOCAL NET TAX CAPACITY =</b>	<b>\$14,415</b>

**STEP 4: Calculate the State Net Tax Capacity**

0.00% x first \$100,000 of estimated market value	\$0
1.50% x between \$100,000 and \$150,000 of estimated market value	\$750
2.00% x estimated market value in excess of \$150,000	\$17,000
<b>TOTAL STATE NET TAX CAPACITY =</b>	<b>\$17,750</b>

**STEP 5: Calculate the Local Tax**

Local tax payable =	116.231%	x	<i>Step 3 result</i> \$14,415	=	\$16,754.70
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**STEP 6: Calculate the Fiscal Disparity Tax**

Fiscal disparity tax payable =	142.454%	x	<i>Step 2 result</i> \$4,835	=	\$6,887.65
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**STEP 7: Calculate the Market Tax**

Market tax payable =	0.23010%	x	<i>Taxable market value</i> \$1,000,000	=	\$2,301.00
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**STEP 8: Calculate the State General Tax**

State general tax payable =	38.846%	x	<i>Step 4 result</i> \$17,750	=	\$6,895.17
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**STEP 9: Add Net Local, Fiscal Disparity, Market & State taxes**

Local tax	\$16,754.70
+ Fiscal disparity tax	\$6,887.65
+ Market tax	\$2,301.00
+ State general tax	\$6,895.17
<b>TOTAL COMMERCIAL PROPERTY TAX PAYABLE</b>	<b>\$32,838.52</b>

NOTE: This tax computation applies to Commercial/Industrial Property except contiguous Commercial/Industrial Parcels owned by the same entity.

Example of a tax computation on a commercial preferred property in Spruce County (not in a tax increment district).

## Taxable market value: \$1,000,000

**COMMERCIAL PROPERTY: NON METRO AREA TAX COMPUTATION (EXAMPLE)**

**STEP 1: Calculate the Net Tax Capacity**

1.5% x first \$150,000 of estimated market value	\$2,250
2.0% x estimated market value in excess of \$150,000	\$17,000
<b>TOTAL NET TAX CAPACITY =</b>	<b>\$19,250</b>

**STEP 2: Calculate the State Net Tax Capacity**

0.0% x first \$1,000 of estimated market value	\$0
1.5% x between \$100,000 and \$150,000 of estimated market value	\$750
2.0% x estimated market value in excess of \$150,000	\$17,000
<b>TOTAL STATE NET TAX CAPACITY =</b>	<b>\$17,750</b>

**STEP 3: Calculate the Local Tax**

	<i>Step 1 result</i>				
Local tax payable =	116.231%	x	\$19,250	=	\$22,374.47

**STEP 4: Calculate the Market Tax**

	<i>Taxable market value</i>				
Market tax payable =	0.23010%	x	\$1,000,000	=	\$2,301.00

**STEP 5: Calculate the State General Tax**

	<i>Step 2 result</i>				
State general tax payable =	38.846%	x	\$17,750	=	\$6,895.17

**STEP 6: Determine Total Taxes**

Local tax	\$22,374.47
+ Market tax	\$2,301.00
+ State general tax	\$6,895.17

**TOTAL COMMERCIAL PROPERTY TAX PAYABLE      \$31,570.64**

NOTE: This tax computation applies to Commercial/Industrial Property except contiguous Commercial/Industrial Parcels owned by the same entity.



**FORM C**

**FINAL LEVY CERTIFICATION**

**SUBMIT DISTRICT RESOLUTION WITH LEVY FORM - FINAL LEVY CANNOT EXCEED THE PROPOSED TAX LEVY**

**DEADLINE: DECEMBER 30, 2019**

PAYABLE YEAR:

TAXING DISTRICT NAME:

ENTITY NUMBER:

TAX CAPACITY BASED LEVY						
FUND NUMBER	LEVY CATEGORY	BUDGET (A)	LGA (B)	OTHER RESOURCES (C)	FINAL CERTIFIED LEVY (D)	% OF TCAP LEVY
3000	1. REVENUE				\$ -	0.00%
3001	2. DEBT SERVICE				\$ -	0.00%
	0. SELECT LEVY ACCOUNT				\$ -	0.00%
	0. SELECT LEVY ACCOUNT				\$ -	0.00%
	0. SELECT LEVY ACCOUNT				\$ -	0.00%
	0. SELECT LEVY ACCOUNT				\$ -	0.00%
<b>TOTAL TAX CAPACITY LEVY</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>\$ -</b>	<b>0.00%</b>
MARKET VALUE REFERENDUM BASED LEVY						
3050	MARKET VALUE REFERENDUM	0	0	0	\$ -	0.00%
<b>TOTAL CERTIFIED FINAL LEVY</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>\$ -</b>	<b>0.00%</b>

**FUND NUMBER:** The fund number identifies your district levy category - the fund number will auto populate after you select the expenditure from the levy category list.

**LEVY CATEGORY:** The levy category lists all the common levies throughout the taxing districts. Any levy that is not specifically identified should be included in the miscellaneous levy category.

**A-BUDGET:** Enter the approved expenditure levy amount that is stated on your budget resolution.

**B-LGA:** Enter "Local Government Aid" as a negative amount; LGA is a property tax relief that can be used to reduce any lawful expenditure.

**C-OTHER RESOURCES:** Enter other resources as negative amount to reduce your approved levy. Examples of other resources include other aids, interest income, prior year reserves, grants, etc.

**D-FINAL CERTIFIED LEVY:** The proposed certified levy is the estimated figures that will be entered into Dakota County tax rolls. Dakota County Property Taxation will deduct Fiscal Disparities from all certified levies.

"I, the authorized representative of the above mentioned Governmental Agency, certify that the foregoing information is accurate to the best of my knowledge."

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Signature of Authorized Representative

Date

Type your Title		Type your email
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Title

Phone Number

E-mail

**FORM C**

2020

**DEBT LEVY CERTIFICATION**

All debt must be accounted for in your resolution whether it is a part of your levy or not. If the amount levied is less than the required amount from the payment schedule for the bond, you must pass a resolution stating that you have sufficient funds for that bond. This can be included in the same resolution with your levy. Dakota County will be verifying the levy requirements based on the payment schedule in our Bond Register. **You must submit your resolution with this certification form.**

BOND/DEBT DESCRIPTION	REQUIRED PAYMENT PER DEBT SCHEDULE	ADJUSTMENT TO DEBT LEVY/OTHER SOURCE	CERTIFIED DEBT LEVY	EXPLANATION OF REDUCTION
			\$ -	
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<b>TOTAL CERTIFIED DEBT LEVY</b>	0	0	\$ -	