

# State General Levy Tax

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## Property Tax Fact Sheet 8

Fact Sheet

### What is the State General Levy Tax?

The state general levy tax is a property tax applied only to certain properties. Revenue from the tax is deposited in the state general fund. The state property tax levy was enacted in 2001.

### What is the tax used for?

The money raised from the state general tax does not go directly to local governments (counties, cities, school districts, etc.). Instead, money raised by the tax is deposited in the state general fund for the state's budget use.

### Is my property affected by the state general tax?

There are three types of property that must pay the state general tax, at different rates, and based on different values:

1. **Commercial/industrial properties:** Class 3 commercial, industrial, and public utility property (exclusive of electric generating machinery) and class 5(1) unmined iron ore property.
2. **Seasonal residential recreational properties:** Class 4c(1) resorts and 1c "Ma and Pa" resorts, and class 4c(12) non-commercial seasonal properties pay some state general tax.
3. **Certain non-profit community service organizations:** Class 4c(3)(ii) property owned by a non-profit community service oriented organization.

### How much is the tax?

The actual state general levy tax amount depends on a number of things, such as the market value and type (class) of property you have, as well as the state tax rate.

Generally speaking, the higher the value of your property, the greater the state tax your property would pay.

Most (95%) of the state general tax must be applied to all commercial-industrial properties and 5% percent of the state general tax must be applied as a uniform rate to all seasonal residential recreational properties.

The state property tax is included in your property tax statement and is paid to the county treasurer along with your local property taxes. Separate payments are not required. The county treasurer forwards the state tax to the Department of Revenue.

### What is the tax rate?

For taxes payable in 2015:

- The final **commercial-industrial** state general tax rate is 52.160%.
- The final **seasonal residential recreational** state general tax rate is 22.836%.

### How is the rate determined?

A preliminary state general levy rate is certified by the Commissioner of Revenue by October 1 each year. County Auditors use the preliminary rate in preparing Truth in Taxation notices for taxes payable the following year.

The final state general levy rate is certified by January 1 of each year by the Commissioner of Revenue. The final state general levy rate is used calculating final tax amounts on property statements.

### How has the rate changed over time?

For the first year in 2002, the state general levy amount was \$592 million. Under current law, each subsequent year's amount is increased from the previous year's amount by using the increase in the implicit price deflator for government consumption expenditures and gross investments published by the U.S. Bureau of Economic Analysis. This is basically an index of inflation.

### How much will I pay on my cabin?

The taxes on a noncommercial seasonal property - like a cabin - are calculated a little differently than taxes on other affected properties. The first \$76,000 in market value of a cabin will be taxed differently for state property tax purposes.

For example, if you have a cabin valued at \$100,000, only 40 percent of the first \$76,000 of market value would be subject to the new tax and the remaining \$24,000 would be taxed at its full value.