



## News Release

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### **Property tax levies for 2012 increase by average of 1.2% percent statewide**

*Net taxes paid will grow by 4.7 percent due to elimination of homestead credit*

**Saint Paul** – Property tax levies will increase an average of 1.2% percent statewide if proposed local tax levies are adopted by local governments later this year. This change does not include the impacts of school referenda that were held this fall. This compares to last year's increase of 1.9% percent and an average increase of 3.5% percent during the past three years.

The proposed increases in non-school local government levies are the lowest in at least two decades. However, the elimination of a state-paid homestead credit during the 2011 special legislative session means that the amount of taxes paid by Minnesota taxpayers will increase by 4.7 percent, or \$379 million.

“Minnesota’s local governments have been working hard to keep levies down, even in the face of deep cuts in state aid programs like local government aid and county program aid that have forced them to trim their budgets. The elimination of the homestead credit means that despite the responsible actions of local officials, property taxpayers are seeing real tax increases,” said Minnesota Revenue Commissioner Myron Frans.

The proposed increase is based on maximum levy amounts proposed by local governments in advance of annual Truth-in-Taxation hearings, which begin November 28. If those hearings result in a decrease in proposed levies, the projected levy growth will be even smaller.

If the proposed levies are approved, non-school property tax levies will increase in 2012 by \$97.2 million statewide. However, local jurisdictions have historically reduced their levies by \$20 million to \$60 million statewide after these hearings. In 2011, final levies were \$53 million less than first proposed.

Levy referenda are being held by 131 of Minnesota’s 336 school districts this fall, many to renew previous levies. The results of these referenda are not included in the data summarized here, and their impact is not included on the Truth-in-Taxation notices that counties mail to taxpayers between November 11 and November 24.

Property tax increases will vary by community and by property type due to differences in budget and tax decisions that affect school, city, county, town and special districts. The conversion of the homestead credit to a homestead value exclusion will also cause property taxes to shift from lower-valued homesteads to other properties. The 2012 levies for cities with a population over 2,500 and all counties are not subject to levy limits for the first time since 2008.

Proposed levy information for local governments is available on the Department of Revenue website [\[url here\]](#). School levy data will be posted after they become available from the Department of Education.

## Proposed average levy changes by jurisdiction type\*

<b>Estimated property tax levy increases by jurisdiction Payable 2011 actual to Payable 2012 proposed</b>	
Cities	2.0% (\$37.4 million)
School districts	0.1% (\$1.9 million)*
Counties	1.2% (\$31.2 million)
Townships	3.3% (\$7.3 million)
Special taxing districts	0.2% (\$0.5 million)
Statewide business property tax	2.6% (\$20.8 million)
<b>TOTAL LEVY INCREASE</b>	<b>1.2% (\$99.1 million)</b>

\*Does not include increases approved by voters in referenda held this fall.

## City and county increases

Statewide, cities proposed an average levy increase of 2.0 percent, down from the 3.4 percent growth proposed last year (when the final increase after local hearings was 2.1 percent). This compares to an average of 3.5 percent over the last three years.

Nearly 6 in 10 cities have a levy increase of less than 5 percent – including 286 cities (33 percent) that proposed no change or a levy decrease. Cities with 2,500 or more residents proposed an increase of 1.7 percent, compared with a 4.9 percent increase proposed by smaller cities.

Statewide, counties proposed an average levy increase of 1.2 percent, down from the 1.7 percent growth proposed last year (when the final increase after local hearings was 1.2 percent). This compares to an average of 3.3 percent over the last three years.

Twelve of 87 Minnesota counties proposed a levy lower than the previous year. Twelve additional counties proposed no change in their levy.

Differences in the relative growth in market values, as well as the impact of the elimination of the homestead credit and creation of the new homestead exclusion, will affect the distribution of levies across property types. For example, tax increases on homesteads will be lower in jurisdictions where homestead market values decrease more than values of other types of property.

Final levies will be determined following Truth-in-Taxation hearings, which are required for cities with populations over 500, counties, school districts, regional library authorities, and metropolitan taxing districts. The time and location of the hearings can be found on property owners' Truth-in-Taxation notice.

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