



Property
Tax
Calculation
Workbook

For Taxes Payable

2026

This workbook was updated January 2026. Please direct any questions or report any errors to PropTax.Admin@state.mn.us.

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Introduction

The Property Tax Calculation Workbook provides a concise introduction to the basic terms and methodology for calculating property taxes, as well as examples and problems that give thorough instruction on the step-by-step computations.

Purpose

This workbook provides the necessary preparation for county officials to take the exam required to become certified in tax calculation. ([Minnesota Statutes, section 273.0755](#), paragraph (b))

Overview

Minnesota's property tax system is complex. The task of calculating the net tax for a parcel of property is affected by many features of the system. This workbook is designed to help you compute the tax on a parcel of property given the taxable market value, its classification, and the tax rates that apply to the parcel.

This workbook is primarily designed for training county assessors, auditors, treasurers, or other officials in the tax calculation process. It is also available for anyone interested in obtaining a better understanding of how property taxes are calculated. This workbook is updated annually.

Items to note:

- Acronyms are defined and used in this workbook. There is a list in the Appendix – Resources section of this workbook.
- All calculations in this edition of the workbook are for taxes payable in 2026, assessment year 2025. Once you begin calculating taxes, you will need to refer to the classification rates for taxes payable in 2026, which lists the classification percentages and applicable taxes for each type of property. You can find the rates in the Appendix – Resources section of this document. The rates are also available as a stand-alone document on the [property tax calculation certification webpage](#).
- The answers for each exercise are provided at the end of the workbook.
- All intermediate and final calculations have been rounded to the nearest dollar in this workbook. You may wish to use a calculator to perform these computations.

Understanding the Property Tax Statement

If you are a county employee who is using this workbook to study for certification in property tax calculation, the purpose of this certification is largely intended to help you answer taxpayers who ask questions about how their tax was computed. These taxpayers may often also have questions about their tax statements and what the line items represent. Even if you are just studying this workbook to better understand the tax calculation process, you may also benefit from becoming more familiar with the tax statement. In this section, we are going to look at property tax statements to help you to connect what you have learned in this workbook to the statement taxpayers receive.

Most of the elements of the statement are required by law or prescribed by the Department of Revenue ([Minnesota Statutes, section 276.04](#)), but specific formats for tax statements can vary by county. You might expect the tax statement to walk through the tax calculations, but this is not the case. Instead, several pieces of information relating to the “behind-the-scenes” calculations are presented in line items to communicate some of the factors affecting your tax and where your tax dollars go. The state wants to ensure that the relief mechanisms that the legislature has built into the system are visible, and lawmakers want to make sure taxpayers know where their tax dollars are going.

A sample property tax statement and instructions for county treasurers are available online at www.revenue.state.mn.us. Type “Property Tax Statement Instructions” into the search box at the top of the screen.

There are several other pieces of information contained on the statement. First, you will notice certain components or features of the statement:

1. the county-specific header
2. a block of information containing the property identification number and all owners’ names and addresses
3. a block of information containing the property classification and assessed values
4. two years of tax information
5. a bottom section of the statement usually contains tear off portions for first- and second-half payments including the amount due and where it should be paid

The assessment information includes key information that will be discussed in the [Estimated Market Value](#) section. The classification that the assessor has assigned to the property should be on the statement, and the amount of new improvements noted. The estimated and taxable market values are also shown. Frequently, taxpayers will gravitate to these values once they know the taxes that are due even though separate valuation notices are sent and the chance to appeal those values has largely passed by the time tax statements are sent out.

For the purposes of property tax statements, tax amounts may be rounded to the nearest even whole dollar. Additionally, whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. ([Minnesota Statutes, section 276.04, subdivision 2](#), paragraph (a))

Local Levies and Referendum Levies

Local Levies

Local units of government (counties, cities, townships, school districts, and special taxing districts) determine the amount of money they will need to fund their various services (such as fire protection, street maintenance, and various education programs) for the coming year. Budgets are prepared based on service costs and non-property tax revenue. Non-property tax revenue includes state and federal aids, parking meters, fines, licenses, permits, municipal liquor stores, and local sales taxes. The portion of the budget that will need to be financed by property taxes (the levy) is generally determined as the difference between service costs and non-property tax revenue. Therefore, local levies are influenced by both local choices about services to provide, and by changes in other revenues such as state aids. Local levies are levied on net tax capacity.

Referendum Levies

State law allows local governments to initiate voter referenda for various purposes. These are most commonly used by school districts to raise additional operating funds, or by other local governments for operating and/or debt purposes. Some are calculated based on referendum market value and some on net tax capacity.

School operating referendum levies are voter-approved levies that are used for the day-to-day general operations of the school. School taxes for the local share of the operating referendum, local optional revenue, equity revenue, and transition revenue are computed and spread against referendum market value. All school debt levies must be based on net tax capacity, whether they are voter-approved or not.

Other local units of government, including counties, cities, towns, and special taxing districts, may have voter-approved referendum levies for either operating purposes or debt.

For local governmental subdivisions other than school districts, voter-approved levies are based on referendum market value, except levies for payment of debt obligations approved by voters after June 30, 2008. These are instead based on net tax capacity. ([Minnesota Statutes, section 275.61](#))

A taxpayer may own several properties subject to referendum levies, but the taxpayer may only vote on referenda based on his or her primary residence. For example, if a taxpayer is homesteaded in one county and owns commercial property in another county, they may only vote on referenda in the county where they are homesteaded.

State General Property Tax Levy

State law establishes a state levy amount that is deposited in the general fund. ([Minnesota Statutes, section 275.025](#)) This tax is levied on net tax capacity, but only for certain types of property—generally commercial and industrial and seasonal recreational property. (A more specific definition of this base will be provided later in the workbook.)

County Auditor Role

Each county elects or appoints a county auditor who keeps a record of all taxable property in the county and delivers a list of property owners and their respective taxes to the county treasurer. (Often the auditor and treasurer are the same person and titles may vary). All local taxing district property tax levies are certified to the county auditor, and the auditor is responsible for determining the tax rates. Most parcels in the state are locally taxed by a county, a city or township, a school district, and may be taxed by one or more special taxing districts such as watersheds.

Once levies are set and base values established, it is the job of the county auditor to determine tax rates for local levies. The Department of Revenue certifies the preliminary state tax rate to county auditors by October 1 and a final rate by December 31.

Example Parcels

The workbook will take you through calculations step-by-step for the following parcels. The first three parcels have the same estimated market value to illustrate how classification of property affects net tax amounts. The other five parcels provide examples of more complex situations.

The examples in this workbook are for eight parcels in the fictional Blue Lake County, which has other fictional taxing jurisdictions within it. An illustration of the county is in the next section, Unique Taxing Areas. The county includes:

- Two townships, West Township and East Township
- Two school districts, School District No. 1 in the north and School District No. 2 in the south
- One special taxing district in part of the southern area of the county

Parcel 1

Mai Vu owns and lives in a single-family home in West Township, within the area of School District No. 2. There is also a special taxing district where Mai lives. This parcel is classified as 1a, residential homestead. The estimated market value is \$314,000.

Parcel 2

Jim and Carla Smith own a farm in East Township, within the area of School District No. 1. The parcel is classified as 2a, agricultural homestead. The estimated market value is \$314,000. The portion of the parcel classified as the house, garage, and one surrounding acre (HGA) has a value of \$115,000. The value of the remainder is \$199,000.

Parcel 3

Hassan Ali owns Ali Auto Repair, located in West Township, within the area of School District No. 1. The parcel is classified as 3a, commercial/industrial. The estimated market value is \$314,000.

Parcel 4

Ken and Nancy Johnson operate a seven-acre resort, located in East Township, within the area of School District No. 2. Their homestead is part of the parcel, as well as a bar that is open all year long. The parcel is classified as 1a, residential homestead; 1c, homestead resort; and 3a, commercial. The total estimated market value is \$2,580,000. The value is allocated as follows:

- Residential homestead: \$100,000
- Homestead resort: \$2,400,000
- Commercial: \$80,000.

Parcel 5

Mark Jones owns a home in East Township, within the area of School District No. 2. The parcel is classified as 1b, homestead of persons who are blind/disabled. The estimated market value is \$200,000.

Parcel 6

Pat and Alex Garcia own a parcel of agricultural land, and do not qualify for homestead. The estimated market value of their agricultural land is \$2,000,000. The property is located in West Township, within the area of School District No. 1.

Parcel 7

Isabella Silva & Miguel Rodriguez own an agricultural property as joint tenants. Isabella occupies the property, while Miguel does not, and the property qualifies for a 50% homestead because one of the joint tenants occupies the property. The value of the agricultural land is \$4,000,000 and the value of the house, garage, and first acre (HGA) occupied by Isabella is \$100,000. The property is located in East Township, School District No. 2.

Parcel 8

Monique Davis and Noor Abdul own a cabin in West Township, School District No. 1, that they use in the summer. The parcel is classified as 4c(12), seasonal residential recreational (SRR) property. The estimated market value of this property is \$195,000.

Unique Taxing Areas

The combination of the individual layers of taxing jurisdictions creates a unique taxing area. Below is an illustration of Blue Lake County’s unique taxing areas.



There are over 6,000 unique taxing areas (UTAs) within the state of Minnesota, each having its own unique local tax rate. As school districts or special taxing districts cut across cities and towns, they create these different UTAs that have different total tax rates. Each unique local tax rate is made up of individual rates for counties, cities or townships, school districts, and any special taxing areas.

The fictional Blue Lake County has six UTAs. Local tax rates are listed here and will be discussed later in this workbook.

UTA	Blue Lake County	West Township	East Township	School District No. 1	School District No. 2	Special Taxing District	Total Tax Rate
1	40.000	20.000		31.000			91.000
2	40.000	20.000			32.000		92.000
3	40.000	20.000			32.000	1.500	93.500
4	40.000		19.000	31.000			90.000
5	40.000		19.000		32.000		91.000
6	40.000		19.000		32.000	1.500	92.500

Exercise 1: Unique Taxing Areas

Place each parcel within its corresponding UTA based on the information provided in the Example Parcels section above.

Parcel	Unique Taxing Area
Parcel 1: Vu	
Parcel 2: Smith	
Parcel 3: Ali	
Parcel 4: Johnson	
Parcel 5: Jones	
Parcel 6: Garcia	
Parcel 7: Silva/Rodriguez	
Parcel 8: Davis/Abdul	

[Answers](#) (p. 43)

Estimated Market Value

The statutory definition of market value is “the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at a private sale or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arm’s-length transaction. The price obtained at a forced sale shall not be considered.” ([Minnesota Statutes, section 272.03, subdivision 8](#))

In other words, the county or local assessor estimates what a property would sell for in an open-market transaction based on sales and market value income approach trends.

The definition of estimated market value (EMV) is “the assessor’s determination of market value, including the effects of any orders made . . . for the parcel.” ([Minnesota Statutes, section 272.03, subdivision 14](#))

However, a property’s EMV is not necessarily its taxable market value.

Exercise 2: Estimated Market Value

Fill in the estimated market value for each parcel from the information provided in the Example Parcels section above.

Parcel	Estimated Market Value
Parcel 1: Vu	
Parcel 2: Smith	
Parcel 3: Ali	
Parcel 4: Johnson	
Parcel 5: Jones	
Parcel 6: Garcia	
Parcel 7: Silvia/Rodriguez	
Parcel 8: Davis/Abdul	

[Answers](#) (p. 43)

Taxable Market Value

Taxable market value (TMV) refers to the amount of value that is used in calculating taxes. This can differ from estimated market value due to special programs that may apply to the property such as Green Acres, Plat Law, etc. Taxable market value is not the major base value for calculating Minnesota property taxes. Minnesota employs a unique adjusted value called net tax capacity, which will be covered in the [Tax Bases](#) section.

Special Programs

If a parcel qualifies for a special program, the taxable market value is less than the estimated market value. Special programs fall into three types: deferment, exclusion, and reduction.

Special Program Type	Function	Examples
Deferment	Allows qualified property owners to postpone payment of taxes	Rural Preserve Aggregate Resource Preservation Open Space Green Acres
Exclusion	Excludes property value from taxation for various reasons	Plat Law Homestead Exclusion for Veterans with a Disability Homestead Market Value Exclusion

Reduction	Reduces property value with the intent to keep taxes lower on certain properties	Mold Damage Reduction
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The Senior Citizens’ Property Tax Deferral Program allows qualified property owners to postpone payment of taxes like other deferral programs; however, it does not affect taxable market value.

Order of Calculation

Taxable market value is determined by applying special programs in the following order.

1. **Estimated Market Value**
2. Green Acres Deferment ([Minnesota Statutes, section 273.111](#))
3. Rural Preserves Deferment ([Minnesota Statutes, section 273.114](#))
4. Open Space Deferment ([Minnesota Statutes, section 273.112](#))
5. Aggregate Resource Preservation Deferment ([Minnesota Statutes, section 273.1115](#))
6. Platted Vacant Land Exclusion ([Minnesota Statutes, section 273.11, subdivisions 14a-14c](#))
7. Homestead Exclusion for Veterans with a Disability ([Minnesota Statutes, section 273.13, subdivision 22](#))
8. Mold Damage Reduction ([Minnesota Statutes, section 273.11, subdivision 21](#))
9. **MV Prior to Homestead MV Exclusion (1-2-3-4-5-6-7-8)**
10. Homestead Market Value Exclusion ([Minnesota Statutes, section 273.13, subdivision 35](#))
11. **Taxable Market Value (9-10)**

Calculation

The first step in calculating the property tax for each parcel is to determine its taxable market value. The initial starting point for any parcel is its estimated market value. However, we use taxable market value, or TMV, to apply most tax rates to a parcel. For many parcels, the taxable market value will be the same as the estimated market value.

Special programs that may cause the taxable market value to be less than the estimated market value are discussed under [Special Programs](#) above. For our example parcels, the only program we will work with is the Homestead Market Value Exclusion.

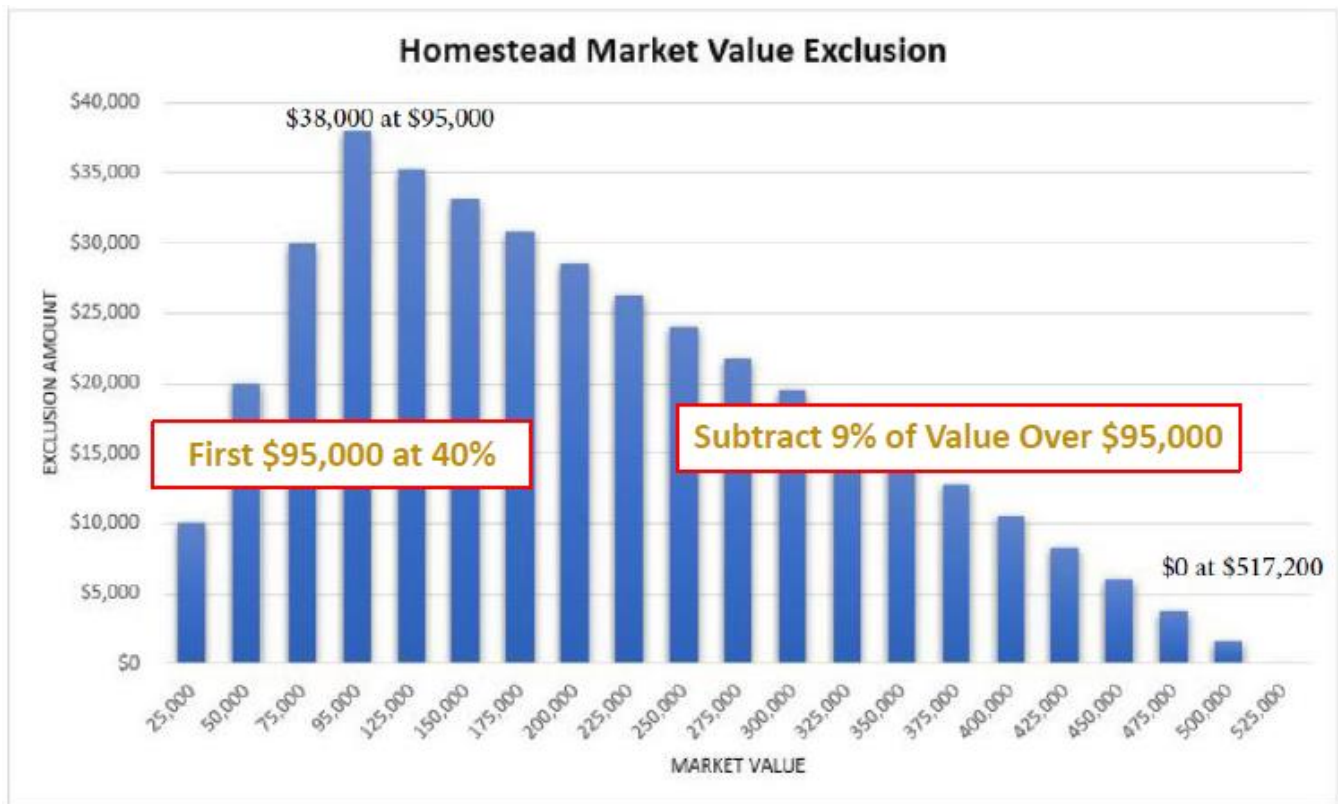
Homestead Market Value Exclusion (HMVE)

The following classifications qualify for the HMVE:

- 1a residential homestead
- 1b homestead of persons who are blind or disabled
- Portion of a 2a agricultural homestead consisting of the house, garage, and surrounding one acre of land (HGA)
- 4d(2) homestead community land trust

For a homestead valued at \$95,000 or less, the exclusion is 40 percent of market value, resulting in a maximum exclusion of \$38,000 at \$95,000 of market value. For a homestead valued between \$95,000 and \$517,200, the

exclusion is \$38,000 minus nine percent of the value over \$95,000. For a homestead valued at \$517,200 or more, there is no exclusion. ([Minnesota Statutes, section 273.13, subdivision 35](#))



Exercise 3: Calculate Taxable Market Value

Fill in the taxable market value for each parcel based on the calculations below. The step-by-step calculations are provided for the first three parcels, and then you will perform the calculations for the rest of the parcels.

Parcel	Estimated Market Value	Taxable Market Value
Parcel 1: Vu	\$314,000	
Parcel 2: Smith	\$314,000	
Parcel 3: Ali	\$314,000	
Parcel 4: Johnson	\$2,580,000	
Parcel 5: Jones	\$200,000	
Parcel 6: Garcia	\$2,000,000	
Parcel 7: Silva/Rodriguez	\$4,100,000	
Parcel 8: Davis/Abdul	\$195,000	

[Answers for Parcels 4 to 8 \(p. 43\)](#)

Parcel 1

Mai Vu’s property is classified as 1a, which means it receives homestead designation. This parcel therefore qualifies for the Homestead Market Value Exclusion. This is calculated based on the parcel’s market value prior

to the Homestead Market Value Exclusion. In this case, the parcel does not qualify for any other special programs, so the market value prior to the HMVE is the same as the estimated market value, \$314,000.

- | | | |
|---|---|---|
| 1 | Calculate the amount of value over \$95,000 | $\$314,000 - \$95,000 = \$219,000$ |
| 2 | Calculate the maximum exclusion amount | $\$95,000 \times 40\% = \$38,000$ |
| 3 | Calculate the reduction | $\$219,000 \times 9\% = \$19,710$ |
| 4 | Calculate the exclusion amount | $\$38,000 - \$19,710 = \mathbf{\$18,290}$ |

The TMV of this parcel is:

$$\$314,000 - \$18,290 = \mathbf{\$295,710}$$

Parcel 2

The Smith farm also receives a Homestead Market Value Exclusion, but it is calculated only on the HGA portion of the property. The value of this portion is \$115,000. The value of the remainder is \$199,000.

- | | | |
|---|---|--|
| 1 | Calculate the amount of value over \$95,000 | $\$115,000 - \$95,000 = \$20,000$ |
| 2 | Calculate the maximum exclusion amount | $\$95,000 \times 40\% = \$38,000$ |
| 3 | Calculate the reduction | $\$20,000 \times 9\% = \$1,800$ |
| 4 | Calculate the exclusion amount | $\$38,000 - \$1,800 = \mathbf{\$36,200}$ |

The TMV of the HGA is: $\$115,000 - \$36,200 = \$78,800$

The total TMV of the parcel is the TMV of the remaining land plus the TMV of the HGA:

$$\$199,000 + \$78,800 = \mathbf{\$277,800}$$

Parcel 3

The 3a classification does not qualify for a Homestead Market Value Exclusion, so this is not calculated for Ali Auto Repair.

The TMV of this parcel is the same as its EMV, \$314,000.

Parcel 4

Parcel 5

Parcel 6

Parcel 7

Parcel 8

Tax Bases

At the most basic level, there are two types of bases upon which property taxes are levied in Minnesota: **net tax capacity** and **referendum market value**.

Net Tax Capacity (NTC)

Net tax capacity is taxable market value multiplied by the appropriate class rate specified in statute for the use classification of the property.

$$\text{Taxable Market Value} \times \text{Classification Rate} = \text{Net Tax Capacity}$$

For example, the residential homestead classification has a class rate of 1.00%. The NTC of a residential homestead with a taxable market value of \$100,000 is calculated as follows.

$$\$100,000 \times 1.00\% = \$1,000$$

This adjustment allows homesteads, commercial property, and any other type of property defined in statute to be taxed at different levels.

NTC is the base value used in calculating most of a property’s tax. However, some property taxes are levied against referendum market value.

In the following exercise, we will be calculating the NTC for local taxes. We’ll look at the NTC for the state general property tax later.

Exercise 4: Calculate Local Net Tax Capacity (LNTC)

Fill in the net tax capacity for each parcel based on the calculations below. The step-by-step calculations are provided for the first three parcels, and then you will perform the calculations for the rest of the parcels.

You can find the class rate table for the current taxes payable year at the end of the workbook.

Parcel	Estimated Market Value	Taxable Market Value	Local Net Tax Capacity
Parcel 1: Vu	\$314,000	\$295,710	
Parcel 2: Smith	\$314,000	\$277,800	
Parcel 3: Ali	\$314,000	\$314,000	
Parcel 4: Johnson	\$2,580,000	\$2,542,450	
Parcel 5: Jones	\$200,000	\$171,450	
Parcel 6: Garcia	\$2,000,000	\$2,000,000	
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	
Parcel 8: Davis/Abdul	\$195,000	\$195,000	

[Answers for Parcels 4 to 8](#) (p. 45)

Parcel 1

The rates for class 1a property are:

- 1.00% for first \$500,000 of taxable market value
- 1.25% over \$500,000 of taxable market value

To calculate the net tax capacity for Mai Vu's parcel, multiply the TMV of \$295,710 by the class rate of 1.00%.

$$\$295,710 \times 0.01 = \mathbf{\$2,957}$$

Parcel 2

The rates for class 2a property are:

- 1.00% for the first \$500,000 of taxable market value of the HGA
- 1.25% over \$500,000 of taxable market value of the HGA
- 0.50% for the first \$3,800,000 of taxable market value of the remainder ("first tier")
- 1.00% over \$3,800,000 of taxable market value of the remainder

Calculate the net tax capacity of the HGA by multiplying the TMV of \$78,800 by 1.00%.

$$\$78,800 \times 0.01 = \$788$$

Then, calculate the net tax capacity of the remainder by multiplying the TMV of \$199,000 by 0.50%.

$$\$199,000 \times 0.005 = \$995$$

Finally, add the amounts together for the total net tax capacity for the parcel.

$$\$788.10 + \$995 = \mathbf{\$1,783}$$

Parcel 3

Note: Here, we're discussing the net tax capacity for local taxes. We will look at net tax capacity for the State General Property Tax later.

The rates for class 3a property for local taxes are:

- 1.50% for the first \$150,000 of taxable market value
- 2.00% over \$150,000 of taxable market value

First, calculate how much value is over \$150,000.

$$\$314,000 - \$150,000 = \$164,000$$

Then, apply the rates to each tier.

$\$150,000 \times 0.015$	=	\$2,250
$\$164,000 \times 0.020$	=	\$3,280

Add the amounts for each tier together for the total [local] net tax capacity for the parcel.

$$\$2,250 + \$3,280 = \mathbf{\$5,530}$$

Parcel 4

Parcel 5

Parcel 6

Parcel 7

Parcel 8

Referendum Market Value (RMV)

Referendum market value is calculated for homestead property using the market value prior to the homestead market value exclusion (see Order of Calculation on p. 11 for more information). For nonhomestead properties, the referendum market value is calculated using the taxable market value.

There are some types of property that are not subject to levies based on referendum market value. Excluded from referendum market value are properties classified as:

- Class 2a farm land and buildings beyond the house, garage and first acre
- Class 2b rural vacant land
- Class 4c(12) noncommercial seasonal residential recreational (cabins)
- Class 4c(4) post-secondary student housing

Any class of property or any portion of a class of property that is included in the definition of referendum market value and that has a class rate of less than 1.00% shall have a referendum market value equal to its net tax capacity multiplied by 100. This basically preserves the proportion of relief relative to the homestead rate of 1.00%, but at an order of magnitude for market values rather than net tax capacities. For example, class 1b homesteads of persons blind or disabled have a class rate of 0.45% on the first \$50,000 of the market value prior to the homestead market value exclusion.

The following table summarizes referendum market value.

Class	Real Property Description	Referendum Market Value
1b	Homestead of Persons who are Blind/Disabled	45% on first \$50,000 of market value prior to HMVE Over \$50,000, same as 1a or 2a, whichever applies
1c	Homestead Resort	50% on first \$600,000 of taxable market value 100% on taxable market value over \$600,000
2a	Agricultural homestead land and buildings excluding HGA	\$0
2b	Rural Vacant Land	\$0
4c(12)	Noncommercial seasonal recreational residential	\$0
4c(4)	Post-secondary student housing	\$0
4c(5)(ii)	Manufactured Home Park (>50% owner occupied)	75% of taxable market value
4d(1)	Low-income Rental Housing (per unit)	25% of taxable market value
4d(2)	Homestead Community Land Trust (per unit)	75% of taxable market value
	Most other property (see class rate table on last page of workbook)	100% of taxable market value or market value prior to HMVE

Exercise 5: Calculate Referendum Market Value

Fill in the referendum market value for each parcel based on the calculations below. The step-by-step calculations are provided for the first four parcels, and then you will perform the calculations for the rest of the parcels.

Parcel	EMV	TMV	LNTC	RMV
Parcel 1: Vu	\$314,000	\$295,710	\$2,957	
Parcel 2: Smith	\$314,000	\$277,800	\$1,783	
Parcel 3: Ali	\$314,000	\$314,000	\$5,530	
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$23,075	
Parcel 5: Jones	\$200,000	\$171,450	\$1,440	
Parcel 6: Garcia	\$2,00,000	\$2,000,000	\$20,000	
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$31,312	
Parcel 8: Davis/Abdul	\$195,000	\$195,000	\$1,950	

[Answers for Parcels 4 to 8 \(p. 48\)](#)

Parcel 1

This parcel is classified as 1a, residential homestead. The estimated market value is \$314,000.

The RMV is the estimated market value prior to the Homestead Market Value Exclusion, so the RMV is **\$314,000**.

Parcel 2

The parcel is classified as 2a, agricultural homestead. The estimated market value is \$314,000. The portion of the parcel classified as the house, garage, and one surrounding acre (HGA) has a value of \$115,000. The value of the remainder is \$199,000.

Of the classes of property, only the HGA is subject to the referendum market tax, and its referendum market value is the market value prior to the homestead market value exclusion.

The RMV for parcel 2 is: **\$115,000**.

Parcel 3

The parcel is classified as 3a, commercial/industrial. The estimated market value is \$314,000.

There are no exemptions or reductions for referendum market values, so the referendum market value is **\$314,000**.

Parcel 4

Parcel 5

Parcel 6

Parcel 7

Parcel 8

State General Property Tax Net Tax Capacity

As mentioned earlier, there are two different types of net tax capacity-based tax bases: the **local net tax capacity tax base** for levies by local jurisdictions and the **state net tax capacity (SNTC) tax bases** for the state general property tax. The state net tax capacity tax bases differ from the local net tax capacity tax base in that they are limited to certain classifications.

Two State NTC Tax Bases: Commercial-Industrial and Seasonal Residential Recreational

The state general property tax levy has two components: a commercial-industrial (C/I) property levy and a seasonal residential recreational (SRR) property levy. Each levy amount is set in statute ([Minnesota Statutes, section 275.025](#)).

Commercial-Industrial Tax Capacity

The tax capacity base of the state tax is different from the tax capacity base for local levies.

Commercial-industrial tax capacity is the tax capacity of all taxable property classified as class 3 or class 5(1), excluding:

1. The first \$150,000 of market value of each parcel of class 3 property
2. Electric generation attached machinery under class 3
3. Any property of the Minneapolis-St. Paul International Airport and Holman Field in St. Paul

The classification rates for class 3a property are different than those used for local net tax capacity. The rates for class 3a property for state net tax capacity are:

- 0.00% for the first \$150,000 of taxable market value
- 2.00% over \$150,000 of taxable market value

Seasonal Residential Recreational Tax Capacity

Seasonal residential recreational tax capacity is the tax capacity of:

1. Class 1c property, third tier (the market value over \$2,300,000)
2. Class 4c(1) property
3. Class 4c(3)(ii) property
4. Class 4c(12) property

For the purposes of the state general tax only, the net tax capacity of class 4c(12) property has the following class rate structure ([Minnesota Statutes, section 273.13](#)):

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

Exercise 6: Calculate State Net Tax Capacity

Fill in the state general property tax for each parcel based on the calculations below. The step-by-step calculations are provided for the first three parcels, and then you will perform the calculations for the rest of the parcels.

Parcel	EMV	TMV	LNTC	RMV	State NTC
Parcel 1: Vu	\$314,000	\$295,710	\$2,957	\$314,000	
Parcel 2: Smith	\$314,000	\$277,800	\$1,783	\$115,000	
Parcel 3: Ali	\$314,000	\$314,000	\$5,530	\$314,000	
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$23,075	\$2,280,000	
Parcel 5: Jones	\$200,000	\$171,450	\$1,440	\$172,500	
Parcel 6: Garcia	\$2,000,000	\$2,000,000	\$20,000	N/A	
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$31,312	\$100,000	
Parcel 8: Davis/Abdul	\$195,000	\$195,000	\$1,950	N/A	

Answers for Parcels 4 to 8 (p. 50)**Parcel 1**

Parcels classified as 1a are not subject to the state general property tax.

Parcel 2

Parcels classified as 2a are not subject to the state general property tax.

Parcel 3

Apply the rates to each tier.

$\$150,000 \times 0.000$	=	\$0
$\$164,000 \times 0.020$	=	\$3,280

Add the amounts for each tier together for the total state net tax capacity for the parcel.

$$\$0 + \$3,280 = \mathbf{\$3,280}$$

Parcel 4**Parcel 5**

Parcel 6

Parcel 7

Parcel 8

Tax Bases Summary

Various components or distinctions result in six distinct tax bases. Initially there are two major types of values upon which levies are spread:

1. referendum market value (RMV)
2. net tax capacity (NTC)

The NTC component must be further split between:

1. a measure of local net tax capacity (LNTC)
2. the more narrowly defined state net tax capacity (SNTC)

The levy for the state tax is divided into two parts and spread on separate bases:

1. the commercial-industrial net tax capacity (C/I SNTC)
2. the seasonal residential recreational net tax capacity (SRR SNTC)

Local Tax Rates

A taxing jurisdiction sets its **levy** by taking its total proposed budget and subtracting any non-property tax revenue.

Total proposed local budget (county, city, township, school district, special taxing district)
– All non-property tax revenue (state aid and fees)
Property tax revenue need (property tax levy)

Next, the **taxable market value** of the property within the taxing jurisdiction is multiplied by the classification rate to determine the jurisdiction’s total tax capacity.

Taxable market value
x Classification rate
Total tax capacity

Finally, the property tax revenue needed is divided by the total tax capacity to determine the local tax rate.

Property tax revenue needed / Total tax capacity = Local tax rate
--

Each taxing jurisdiction has its own local tax rate, and the combination of those rates become the total effective local tax rate that is applied to a parcel’s net tax capacity.

Exercise 7: Total Local Tax Rates (TLTR)

In our fictional Blue Lake County, the taxing jurisdictions have the following local tax rates.

Blue Lake County	40.000%
West Township	20.000%
East Township	19.000%
School District No. 1	31.000%
School District No. 2	32.000%
Special Taxing District	1.500%

Calculate and fill in the total effective local tax rate for each parcel based on the calculations below and the table provided in the Example Parcels section above. The step-by-step calculations are provided for the first three parcels, and then you will perform the calculations for the rest of the parcels.

Parcel	EMV	TMV	LNTC	RMV	SNTC	Total Local Tax Rate
Parcel 1: Vu	\$314,000	\$295,710	\$2,957	\$314,000	N/A	
Parcel 2: Smith	\$314,000	\$277,800	\$1,783	\$115,000	N/A	
Parcel 3: Ali	\$314,000	\$314,000	\$5,530	\$314,000	\$3,280	
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$23,075	\$2,280,000	\$1,250	
Parcel 5: Jones	\$200,000	\$171,450	\$1,440	\$172,500	N/A	
Parcel 6: Garcia	\$2,000,000	\$2,000,000	\$20,000	N/A	N/A	
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$31,312	\$100,000	N/A	
Parcel 8: Davis/Abdul	\$195,000	\$195,000	\$1,950	N/A	\$1,494	

[Answers for Parcels 4 to 8 \(p. 51\)](#)

Parcel 1

Mai Vu's home is in Blue Lake County, West Township, School District No. 2, and in the special taxing district. To calculate her total local tax rate, add the four local tax rates together.

$$40.000\% + 20.000\% + 32.000\% + 1.500\% = \mathbf{93.500\%}$$

Parcel 2

The Smiths' farm is in Blue Lake County, East Township, and School District No. 1. To calculate their total local tax rate, add the three local tax rates together.

$$40.000\% + 19.000\% + 31.000\% = \mathbf{90.000\%}$$

Parcel 3

Ali Auto Repair is in Blue Lake County, West Township, and School District No. 1. To calculate the total local tax rate, add the three local tax rates together.

$$40.000\% + 20.000\% + 31.000\% = \mathbf{91.000\%}$$

Parcel 4

Parcel 5

Parcel 6

Parcel 7

Parcel 8

Local Net Tax Capacity Tax

You calculate a parcel's local net tax capacity tax by multiplying the parcel's net tax capacity by the parcel's total local tax rate.

$$\text{Net tax capacity} \times \text{Total local tax rate} = \text{Local net tax capacity tax}$$

Note on rounding: Tax amounts may be rounded to the nearest dollar or nearest even-numbered dollar.

Exercise 8: Calculate Local Net Tax Capacity Tax

Fill in the local tax capacity tax for each parcel based on the calculations below. The step-by-step calculations are provided for the first three parcels, and then you will perform the calculations for the rest of the parcels.

Parcel	EMV	TMV	LNTC	RMV	SNTC	TLTR	Local NTC Tax
Parcel 1: Vu	\$314,000	\$295,710	\$2,957	\$314,000	N/A	93.500%	
Parcel 2: Smith	\$314,000	\$277,800	\$1,783	\$115,000	N/A	90.000%	
Parcel 3: Ali	\$314,000	\$314,000	\$5,530	\$314,000	\$3,280	91.000%	
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$23,075	\$2,280,000	\$1,250	91.000%	
Parcel 5: Jones	\$200,000	\$171,450	\$1,440	\$172,500	N/A	91.000%	
Parcel 6: Garcia	\$2,000,000	\$2,000,000	\$20,000	N/A	N/A	91.000%	
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$31,312	\$100,000	N/A	91.000%	
Parcel 8: Davis/Abdul	\$195,000	\$195,000	\$1,950	N/A	\$1,494	91.000%	

[Answers for Parcels 4 to 8](#) (p. 53)

Parcel 1

$$\$2,957 \times 0.935 = \mathbf{\$2,765}$$

Parcel 2

$$\$1,783 \times 0.900 = \mathbf{\$1,605}$$

Parcel 3

$$\$5,530 \times 0.910 = \mathbf{\$5,032}$$

Parcel 4

Parcel 5

Parcel 6

Parcel 7

Parcel 8

Referendum Market Value Tax

The referendum market value-based tax (RMVT) is equal to the referendum market value multiplied by the referendum market value tax rate.

$$\text{Referendum market value} \times \text{Referendum market value tax rate} = \text{Referendum Market Value Tax}$$

Exercise 9: Calculate Referendum Market Value Tax

In our fictional Blue Lake County, the school districts have the following local referendum market value rates.

School District No. 1	0.05382%
School District No. 2	0.04753%

Parcel	EMV	TMV	RMV	SNTC	LNTC Tax	RMV Tax
Parcel 1: Vu	\$314,000	\$295,710	\$314,000	N/A	\$2,765	
Parcel 2: Smith	\$314,000	\$277,800	\$115,000	N/A	\$1,605	
Parcel 3: Ali	\$314,000	\$314,000	\$314,000	\$3,280	\$5,032	
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$2,280,000	\$1,250	\$20,998	
Parcel 5: Jones	\$200,000	\$171,450	\$172,500	N/A	\$1,310	
Parcel 6: Garcia	\$2,000,000	\$2,000,000	N/A	N/A	\$18,200	
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$100,000	N/A	\$28,494	
Parcel 8: Davis/Abdul	\$195,000	\$195,000	N/A	\$1,494	\$1,775	

[Answers for Parcels 4 to 8](#) (p. 54)

Parcel 1

The referendum market value tax is the referendum market value (RMV) multiplied by the referendum market value tax rate.

$$\$314,000 \times 0.0004753 = \mathbf{\$149}$$

Parcel 2

The referendum market value tax is the referendum market value (RMV) multiplied by the referendum market value tax rate.

$$\$115,000 \times .0005382 = \mathbf{\$62}$$

Parcel 3

The referendum market value tax is the referendum market value (RMV) multiplied by the referendum market value tax rate.

$$\$314,000 \times .0005382 = \mathbf{\$169}$$

Parcel 4

Parcel 5

Parcel 6

Parcel 7

Parcel 8

State General Property Tax

Some property classifications are subject to the State General Property Tax. This information is included in the class rate table found at the end of this workbook.

The Department of Revenue calculates and certifies the rates to be used for this tax. For taxes payable in 2026, the final rates are:

- For commercial/industrial properties: 28.313%
- For seasonal residential recreational properties: 9.203%

$$\text{State NTC} \times \text{State Tax Rate} = \text{State Tax Amount}$$

Exercise 10: Calculate State General Property Tax

Fill in the state general property tax for each parcel based on the calculations below. The step-by-step calculations are provided for the first three parcels, and then you will perform the calculations for the rest of the parcels.

Parcel	EMV	TMV	SNTC	LNTC Tax	RMV Tax	State Tax
Parcel 1: Vu	\$314,000	\$295,710	N/A	\$2,765	\$149	
Parcel 2: Smith	\$314,000	\$277,800	N/A	\$1,605	\$62	
Parcel 3: Ali	\$314,000	\$314,000	\$3,280	\$5,032	\$169	
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$1,250	\$20,998	\$1,084	
Parcel 5: Jones	\$200,000	\$171,450	N/A	\$1,310	\$82	
Parcel 6: Garcia	\$2,000,000	\$2,000,000	N/A	\$18,200	N/A	
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	N/A	\$28,494	\$48	
Parcel 8: Davis/Abdul	\$195,000	\$195,000	\$1,494	\$1,950	N/A	

[Answers for Parcels 4 to 8](#) (p. 55)

Parcel 1

This parcel is not subject to the state general tax.

Parcel 2

This parcel is not subject to the state general tax.

Parcel 3

Apply the tax rate for the property classification to calculate the state tax amount for the parcel (remember, for commercial property, the rate is 28.313%).

$$\text{State NTC} \times \text{State Tax Rate} = \text{State Taxes}$$

$$\$3,280 \times 0.28313 = \mathbf{\$929}$$

Parcel 4

Parcel 5

Parcel 6

Parcel 7

Parcel 8

Credits

In this workbook, we will cover calculating the School Building Bond Agricultural Credit and the Agricultural Homestead Market Value Credit, credits you will encounter often.

School Building Bond Agricultural Credit

The School Building Bond Agricultural Credit applies only to the following:

- Homesteaded and Nonhomesteaded class 2a property, other than the property consisting of the house, garage, and immediately surrounding one acre of land of an agricultural homestead
- Homesteaded and Nonhomesteaded class 2b property
- Class 2c property

The credit is equal to 70 percent of the tax on the property attributable to school district-bonded debt levies except for those debt levies necessary for repayment of other post-employment benefits (OPEB).

$(\text{Property NTC} - \text{any applicable HGA NTC}) \times \text{School District debt levy rate excluding OPEB} = \text{Amount of tax attributed to qualifying debt}$

$\text{Amount of tax attributed to qualifying debt} \times 70\% = \text{Credit Amount}$

Agricultural Homestead Market Value Credit

The Agricultural Homestead Market Value Credit applies only to the following:

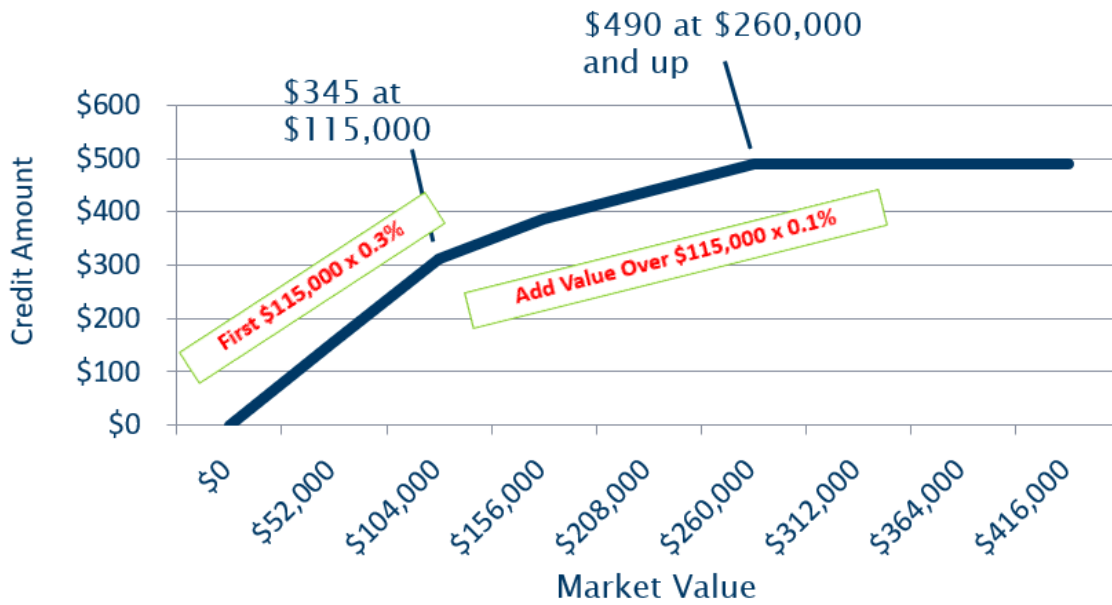
- Homesteaded class 2a agricultural land (which may sometimes be classified as 1b)
- Homesteaded class 2a agricultural buildings
- Contiguous class 2b rural vacant land that is part of the agricultural homestead, and is under the exact same ownership

The Agricultural Homestead Market Value Credit is equal to 0.3% of the first \$115,000 of the taxable market value (TMV) of the agricultural land plus 0.1% of the agricultural land TMV above \$115,000.

$(\text{First } \$115,000 \text{ TMV} \times 0.3\%) + ([\text{Total TMV} - \$115,000] \times 0.1\%) = \text{Credit Amount}$

Do not include the value of the HGA when calculating the credit. (The HGA is not used at all in the calculation.)

The maximum credit for each homestead is limited to \$490 at a market value of \$260,000.



Exercise 11: Calculate Credits

In our fictional Blue Lake County, the school districts have the following debt levy rates excluding any attributed to OPEB debt.

School District No. 1	10%
School District No. 2	11%

Fill in the credit amount for each parcel based on the calculations below. The step-by-step calculations are provided for the first three parcels, and then you will perform the calculations for the rest of the parcels.

Parcel	EMV	TMV	LNTC Tax	RMV Tax	State Tax	Credits
Parcel 1: Vu	\$314,000	\$295,710	\$2,765	\$149	N/A	
Parcel 2: Smith	\$314,000	\$277,800	\$1,605	\$62	N/A	
Parcel 3: Ali	\$314,000	\$314,000	\$5,032	\$169	\$929	
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$20,998	\$1,084	\$115	
Parcel 5: Jones	\$200,000	\$171,450	\$1,310	\$82	N/A	
Parcel 6: Garcia	\$2,000,000	\$2,000,000	\$18,200	N/A	N/A	
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$28,494	\$48	N/A	
Parcel 8: Davis/Abdul	\$195,000	\$195,000	\$1,775	N/A	\$137	

[Answers for Parcels 4 to 8](#) (p. 56)

Parcel 1

This parcel does not qualify for school building bond agricultural credit and does not qualify for the agricultural homestead market value credit.

Parcel 2

The net tax capacity of the Smith farm’s agricultural land is \$995. The market value of the agricultural land is \$199,000.

- | | | |
|---|---|------------------------------------|
| 1 | Calculate the amount of tax attributed to non-OPEB debt | $\$995 \times 10\% = \100 |
| 2 | Calculate the school building bond agricultural credit | $\$100 \times 70\% = \70 |
| 3 | Calculate the amount of value over \$115,000 | $\$199,000 - \$115,000 = \$84,000$ |
| 4 | Calculate the base agricultural market value credit | $\$115,000 \times 0.3\% = \345 |
| 3 | Calculate the increase | $\$84,000 \times 0.1\% = \84 |
| 4 | Calculate the total agricultural market value credit | $\$345 + \$84 = \mathbf{\$429}$ |
| 5 | Calculate the total credits | $\$70 + \$429 = \$499$ |

Parcel 3

This parcel does not qualify for school building bond agricultural credit and does not qualify for the agricultural homestead market value credit.

Parcel 4

Parcel 5

Parcel 6

Parcel 7

Parcel 8

Net Property Tax

The final step is to calculate a parcel’s net tax.

$$\text{Local Tax} + \text{RMV Tax} + \text{State Tax} - \text{Credits} = \text{Net Property Tax}$$

Exercise 12: Calculate Net Property Tax

Fill in the net tax for each parcel based on the calculations below. The step-by-step calculations are provided for the first three parcels, and then you will perform the calculations for the rest of the parcels.

Parcel	EMV	TMV	LNTC Tax	RMV Tax	State Tax	Credits	Net Tax
Parcel 1: Vu	\$314,000	\$295,710	\$2,765	\$149	N/A	N/A	
Parcel 2: Smith	\$314,000	\$277,800	\$1,605	\$62	N/A	\$499	
Parcel 3: Ali	\$314,000	\$314,000	\$5,032	\$169	\$929	N/A	
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$20,998	\$1,084	\$115	N/A	
Parcel 5: Jones	\$200,000	\$171,450	\$1,310	\$82	N/A	N/A	
Parcel 6: Garcia	\$2,000,000	\$2,000,000	\$18,200	N/A	N/A	\$1,400	
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$28,494	\$48	N/A	\$2,594	
Parcel 8: David/Abdul	\$195,000	\$195,000	\$1,775	N/A	\$137	N/A	

[Answers for Parcels 4 to 8 \(p. 57\)](#)

Parcel 1

The net property tax is:

LNTC tax + RMV Tax + State Tax - Credits = Net Tax

$$\$2,765 + \$149 + \$0 - \$0 = \mathbf{\$2,914}$$

Parcel 2

LNTC tax + RMV Tax + State Tax - Credits = Net Tax

$$\$1,605 + \$62 + \$0 - \$499 = \mathbf{\$1,168}$$

Parcel 3

LNTC tax + RMV Tax + State Tax - Credits = Net Tax

$$\$5,032 + \$169 + \$929 - \$0 = \mathbf{\$6,130}$$

Parcel 4

Parcel 5

Parcel 6

Parcel 7

Parcel 8

Additional Property Tax Calculation Topics

The following topics are mentioned here so that you are aware that there are additional factors that affect the calculation of property taxes than what we covered in this workbook. **You should be aware of the information here if you take the Property Tax Calculation Exam.** These topics and more are described in greater detail in the [Auditor/Treasurer Manual](#).

Adjustments to Net Tax Capacity Value

The calculation of local rates is not as simple as dividing the levy of a jurisdiction by the total NTC of a jurisdiction. There are adjustments to the total NTC to consider.

Net tax capacity values are reduced by tax increment value, certain power line value, and fiscal disparities contribution value to obtain a taxable net tax capacity. The levy used in calculating the rate is actually less the fiscal disparity distribution tax (metropolitan and iron range counties only).

Taxable Net Tax Capacity Calculation

1. Total Net Tax Capacity
2. Powerline Net Tax Capacity
3. Fiscal Disparity Contribution Net Tax Capacity
4. Tax Increment Financing (TIF) Net Tax Capacity
5. Taxable Net Tax Capacity = 1-2-3-4

Taxable net tax capacity is the value used to determine tax rates.

Initial Tax Rate Determination

When the property tax levies of all local taxing districts have been set and certified to the county auditor, and when taxable net tax capacity values have been determined, then initial tax rates for each local governmental unit (i.e., county, city, town, school and special taxing districts) are determined. Basically, the initial tax rate for local units of government is calculated by dividing the certified property tax levy, less the fiscal disparity distribution levy, by the taxable net tax capacity value. For example, if a city's levy less the fiscal disparity distribution levy was \$100,000 and the taxable net tax capacity value was \$350,000, the total city initial tax rate would be calculated as follows:

$$\text{\$100,000} / \text{\$350,000} = \text{0.28571 or 28.571\%}$$

In a unique taxing area (a geographic area subject to the same set of tax rates), the total initial tax rate is equal to the sum of the initial tax rates for all taxing districts levying in that area (county rate + city or township rate + school rate + special taxing district rate). This total rate is applied to each taxable parcel of property in the unique taxing area to determine the amount of net tax capacity based-property tax which is owed, unless the unique taxing area receives disparity reduction aid.

Initial Tax Rate Exceptions

Under normal circumstances, initial tax rates are calculated by using the formula above. However, there are instances where initial tax rate calculations deviate from the norm. Examples of these are fire protection

districts, rural-urban districts, and subordinate service districts. In some districts like these, the levies may only apply to a subset of properties, or perhaps only to land or improvements. Therefore, in some cases, there can be different rates for different properties located in the same set of taxing jurisdictions.

Disparity Reduction Aid

If a unique taxing area receives [Disparity Reduction Aid \(DRA\)](#), the initial tax rate for each taxing district receiving DRA in the unique taxing area must be reduced. The resulting rate is the local tax rate. DRA was created by the 1988 Legislature to provide relief for high tax rate areas. ([Minnesota Statutes, section 273.1398, subdivision 3](#)) Unlike other aids that serve as non-property tax revenue and affect levy decisions, DRA is applied directly to rates. This affects only local NTC rates. DRA does not affect the state tax rate or referendum levy rates. DRA cannot reduce the total local tax rate below 90%. If the unique taxing area does not receive DRA, the local tax rate is equal to the initial tax rate.

These rate calculations will be applied to net tax capacities to get to actual tax amounts.

Tax Increment Financing and Fiscal Disparities

Some might consider the retained captured value within a Tax Increment Financing (TIF) district, or the area-wide tax base of fiscal disparities (as described in Chapter 5 of the Auditor/Treasurer Manual) to be additional tax bases. However, these values are not subject to specific levies and are more ancillary features of the property tax system and are generally not regarded to be formal tax bases.

Impact of Classification

The first three example parcels had the same estimated market value, but the final net property tax is different. The classification for a property determines:

- The property’s classification rate
- The levies the property will be subject to (e.g., the state general property tax for Parcel 3)
- Whether the property receives special benefits (e.g., the homestead market value exclusion for Parcels 1 and 2, and the Agricultural Homestead Market Value Credit for Parcel 2)

Identifying the correct classification ensures that the property owner will be paying their fair share of property taxes based on use.

Impact of Value

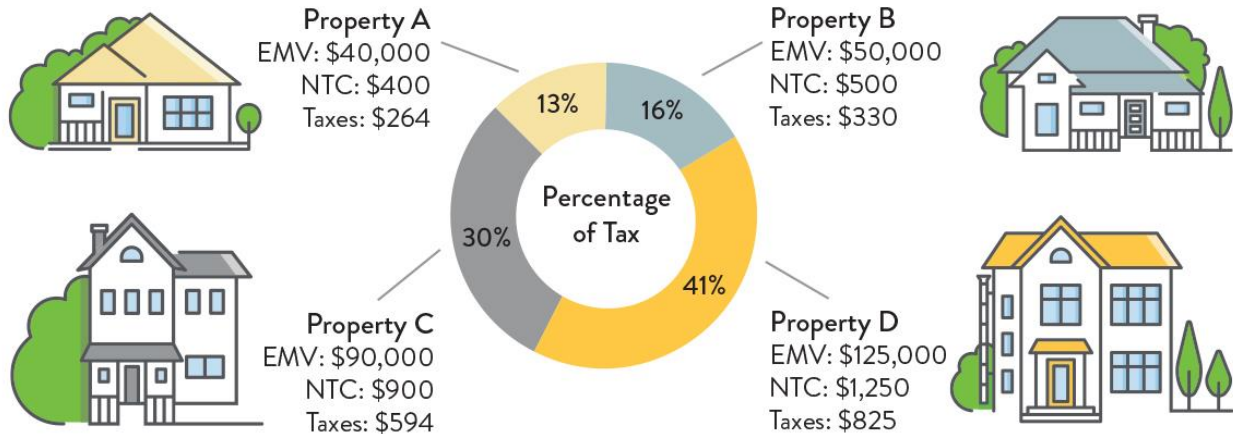
The examples below are based on a fictional town consisting of four residential nonhomestead houses that are not subject to any deferrals, exclusions, or reductions. The small tax base is used to illustrate how value changes may affect taxes for each house. As the tax base becomes larger, value changes will not affect taxes as dramatically as the examples shown. Even if a value change results in a smaller tax bill for one property owner and an increased burden to be shared by all property in the jurisdiction, any value change will ultimately affect all taxpayers in the jurisdiction. If this example included homesteaded properties, valuation changes would also impact the homestead market value exclusion for those properties.

In the first part of this module, we showed how classification can impact taxes when values remain constant. Here, we show how valuation can impact taxes when classification remains constant. As with classification, correctly valuing a property ensures that the property owner will be paying their fair share of property taxes.

Example 1

Total EMV = \$305,000 Class Rate = 1% Township Levy = \$2,000 Tax Rate = 66%

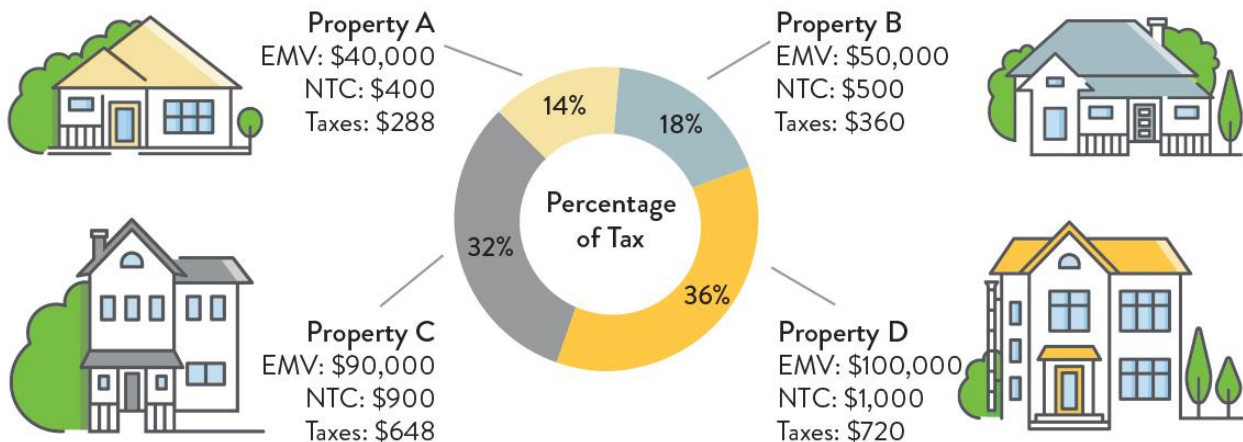
The values and corresponding share of the tax burden for the four properties before the meeting of the Local Board of Appeal and Equalization.



Example 2

Total EMV = \$280,000 Class Rate = 1% Township Levy = \$2,000 Tax Rate = 72%

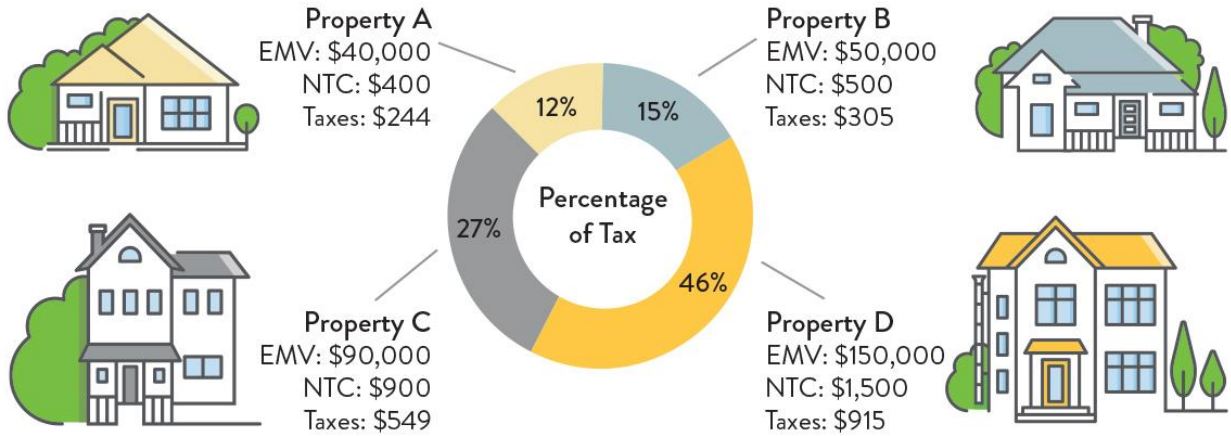
The owner of Property D appealed the value of his property. He did not provide any evidence as to why his value should be reduced. The board reduced his value by \$25,000. The example shows how the change affects the share of the tax burden for the four properties.



Example 3

Total EMV = \$330,000 Class Rate = 1% Township Levy = \$2,000 Tax Rate = 61%

The owner of Property D appealed the value of his property. He did not provide any evidence as to why his value should be reduced. The board raised his value by \$25,000. The example shows how the change affects the share of the tax burden for the four properties.



Answers

Exercise 1 – Unique Taxing Area

[Select to go back to Exercise 1](#) (p. 9)

Parcel	Unique Taxing Area
Parcel 1: Vu	3
Parcel 2: Smith	4
Parcel 3: Ali	1
Parcel 4: Johnson	5
Parcel 5: Jones	5
Parcel 6: Garcia	1
Parcel 7: Silva/Rodriguez	5
Parcel 8: Davis/Abdul	1

Exercise 2 – Estimated Market Value

[Select to go back to Exercise 2](#) (p. 10)

Parcel	Estimated Market Value
Parcel 1: Vu	\$314,000
Parcel 2: Smith	\$314,000
Parcel 3: Ali	\$314,000
Parcel 4: Johnson	\$2,580,000
Parcel 5: Jones	\$200,000
Parcel 6: Garcia	\$2,000,000
Parcel 7: Silva/Rodriguez	\$4,100,000
Parcel 8: Davis/Abdul	\$195,000

Exercise 3 – Calculate Taxable Market Value

[Select to go back to Exercise 3](#) (p. 12)

Parcel	Estimated Market Value	Taxable Market Value
Parcel 1: Vu	\$314,000	\$295,710
Parcel 2: Smith	\$314,000	\$277,800
Parcel 3: Ali	\$314,000	\$314,000
Parcel 4: Johnson	\$2,580,000	\$2,542,450
Parcel 5: Jones	\$200,000	\$171,450
Parcel 6: Garcia	\$2,000,000	\$2,000,000
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225
Parcel 8: Davis/Abdul	\$195,000	\$195,000

Parcel 4

The homestead portion is classified as 1a, residential homestead; the resort portion is classified as 1c, commercial seasonal residential recreational; and the restaurant is 3a, commercial. The total estimated market value is \$2,580,000. To recall, value is allocated as follows:

- Residential homestead: \$100,000
- Seasonal residential recreational: \$2,400,000
- Commercial: \$80,000.

The 1a homestead portion receives homestead designation and qualifies for the Homestead Market Value Exclusion. The parcel does not qualify for any other special programs, so the market value prior to the HMVE is the same as the estimated market value, \$100,000.

1	Calculate the amount of value over \$95,000	$\$100,000 - \$95,000 = \$5,000$
2	Calculate the maximum exclusion amount	$\$95,000 \times 40\% = \$38,000$
3	Calculate the reduction	$\$5,000 \times 9\% = \450
4	Calculate the exclusion amount	$\$38,000 - \$450 = \mathbf{\$37,550}$

The TMV of this homestead portion is:

$$\$100,000 - \$37,550 = \mathbf{\$62,450}$$

The 1c and 3a portions of this property receive no special valuations, deferrals, or exclusions.

TMV of 1a homestead portion:	\$62,450
TMV of 1c homestead resort portion:	\$2,400,000
TMV of 3a portion:	\$80,000
Total TMV:	\$2,542,450

Parcel 5

The 1a and 1b homestead qualify for the Homestead Market Value Exclusion. The parcel does not qualify for any other special value programs, so the market value prior to the HMVE is the same as the estimated market value, \$200,000.

1	Calculate the amount of value over \$95,000	$\$200,000 - \$95,000 = \$105,000$
2	Calculate the maximum exclusion amount	$\$95,000 \times 40\% = \$38,000$
3	Calculate the reduction	$\$105,000 \times 9\% = \$9,450$
4	Calculate the exclusion amount	$\$38,000 - \$9,450 = \mathbf{\$28,550}$

The TMV of this homestead portion is:

$$\$200,000 - \$28,550 = \mathbf{\$171,450}$$

Parcel 6

The property does not qualify for any special valuations, deferrals, or exclusions.

The taxable market value of this parcel is **\$2,000,000**.

Parcel 7

Because this property qualifies for 50% homestead, the homestead market value exclusion is also fractionalized to 50%. In order to avoid artificially inflating the exclusion, we first calculate it on the entire \$100,000 value before fractionalizing the final exclusion amount.

- | | | |
|---|--|--|
| 1 | Calculate the amount of value over \$95,000 | $\$100,000 - \$95,000 = \$5,000$ |
| 2 | Calculate the maximum exclusion amount | $\$95,000 \times 40\% = \$38,000$ |
| 3 | Calculate the reduction | $\$5,000 \times 9\% = \450 |
| 4 | Calculate the maximum exclusion amount | $\$38,000 - \$450 = \$37,550$ |
| 5 | Calculate the fractionalized final exclusion | $\$37,550 \times 50\% = \mathbf{\$18,775}$ |

The TMV of the HGA portion of this parcel is:

$\$100,000 - \$18,775 = \mathbf{\$81,225}$

The EMV of the 2a agricultural land is not subject to any exclusions or deferrals in this case.

TMV of the HGA portion:	\$81,225
TMV of 2a agricultural land:	\$4,000,000
Total TMV:	\$4,081,225

Parcel 8

Property classified as 4c(12) seasonal residential recreational property does not qualify for any special value exclusions, deferrals, or reductions.

The taxable market value of this property is **\$195,000**

Exercise 4 – Calculate Local Net Tax Capacity

[Select to go back to Exercise 4 \(p. 15\)](#)

Parcel	EMV	TMV	LNTC
Parcel 1: Vu	\$314,000	\$295,710	\$2,957
Parcel 2: Smith	\$314,000	\$277,800	\$1,783
Parcel 3: Ali	\$314,000	\$314,000	\$5,530
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$23,075
Parcel 5: Jones	\$200,000	\$171,450	\$1,440
Parcel 6: Garcia	\$2,000,000	\$2,000,000	\$20,000
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$31,312
Parcel 8: Davis/Abdul	\$195,000	\$195,000	\$1,950

Parcel 4

There are 3 property types on this property, each with separate class rates.

TMV of 1a homestead portion: \$62,450

The rates for class 1a property are:

- 1.00% for first \$500,000 of taxable market value
- 1.25% over \$500,000 of taxable market value

The entirety of the \$62,450 TMV is at a 1.00% class rate.

TMV of 1c homestead resort portion: \$2,400,000

The class rates for 1c homestead properties are:

- 0.50% for the first \$600,000 of taxable market value
- 1.00% for taxable market value above \$600,000 up to \$2,300,000
- 1.25% for taxable market value over \$2,300,000

This parcel has all three class rates applied.

TMV of 3a portion: \$80,000

The rates for class 3a property for local taxes are:

- 1.50% for the first \$150,000 of taxable market value
- 2.00% over \$150,000 of taxable market value

All \$80,000 of taxable market value receives a 1.50% class rate.

Class	Taxable Market Value	Rate	NTC (TMV x Rate)
1a homestead first tier	\$62,450	1.00%	\$625
1c first tier	\$600,000	0.50%	\$3,000
1c second tier	\$1,700,000	1.00%	\$17,000
1c third tier	\$100,000	1.25%	\$1,250
3a first tier	\$80,000	1.50%	\$1,200
Total Local Net Tax Capacity			\$23,075

Parcel 5

The class rate for a 1b property is 0.45% on the first \$50,000.

The remaining value is classified as 1a:

- \$50,001-\$500,000 at 1.00%
- Over \$500,000 at 1.25%

The TMV of this parcel is \$171,450. After the first \$50,000, the remaining taxable market value is \$121,450.

$$\$50,000 \times 0.0045 = \$225$$

$$\$121,450 \times .01 = \$1,215$$

Add the amounts together for the total net tax capacity for the parcel.

$$\$225 + \$1,215 = \mathbf{\$1,440}$$

Parcel 6

Pat and Alex Garcia own a parcel of agricultural land, and do not qualify for homestead. The estimated market value of their agricultural land is \$2,000,000.

The class rate for agricultural nonhomestead property is 1.00%

The net tax capacity for this parcel is:

$$\$2,000,000 \times 1.00\% = \mathbf{\$20,000}$$

Parcel 7

Because this parcel is a fractional agricultural homestead, the tiers for the corresponding classification rates are impacted. The class rates that apply to this fractional agricultural homestead are as follows:

2a HGA

- First \$250,000 at 1.00% (one-half of \$500,000)
- Over \$250,000 at 1.25%

2a agricultural homestead land and buildings

- First \$, 1,900,000 at 0.50% (one-half of \$3,800,000 first tier for taxes payable 2026)
- Over \$1,900,000 at 1.00%

2a agricultural land and buildings nonhomestead

- All value at 1.00%

Class	Taxable Market Value	Rate	NTC (TMV x Rate)
2a HGA	\$81,225	1.00%	\$812
2a homestead first tier	\$1,900,000	0.50%	\$9,500
2a homestead second tier	\$100,000	1.00%	\$1,000
2a nonhomestead	\$2,000,000	1.00%	\$20,000
Total Local Net Tax Capacity			\$31,312

Parcel 8

The class rates for 4c(12) seasonal residential recreational property are:

- First \$500,000 at 1.00%
- Over \$500,000 at 1.25%

The taxable market value for this property is \$195,000. There is no value over \$500,000.

The local net tax capacity is:

$$\$195,000 \times 0.01 = \$1,950$$

Exercise 5 – Calculate Referendum Market Value

[Select to go back to Exercise 5 \(p. 20\)](#)

Parcel	EMV	TMV	LNTC	RMV
Parcel 1: Vu	\$314,000	\$295,710	\$2,957	\$314,000
Parcel 2: Smith	\$314,000	\$277,800	\$1,783	\$115,000
Parcel 3: Ali	\$314,000	\$314,000	\$5,530	\$314,000
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$23,075	\$2,280,000
Parcel 5: Jones	\$200,000	\$171,450	\$1,440	\$172,500
Parcel 6: Garcia	\$2,000,000	\$2,000,000	\$20,000	N/A
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$31,31231,312	\$100,000
Parcel 8: Davis/Abdul	\$195,000	\$195,000	\$1,950	N/A

Parcel 4

Three things to note about this parcel are:

1. Of the three class types (1a, 1c, and 3a), none are exempt from referendum market value taxes.
2. The 1a homestead portion's referendum market value is the market value **prior** to the homestead exclusion.
3. Because the first tier of 1c property has a class rate less than 1.00%, the referendum market value is also 50% of that first-tier value (50% on first \$600,000 of taxable market value; 100% on taxable market value over \$600,000)

1a market value prior to homestead exclusion: \$100,000
 1c 1st tier market value at 50%: \$600,000 x 50% = \$300,000
 1c remaining market value: \$1,800,000
 3a market value: \$80,000

The referendum market value is:

$$100,000 + 300,000 + 1,800,000 + 80,000 = \mathbf{\$2,280,000}$$

Parcel 5

For a property classified as 1b (homestead for individuals who are blind or who have a disability), the first \$50,000 of market value receives both a reduced class rate (0.45%) and a reduced referendum market value (45%). This parcel has \$50,000 at the 1b rate, and a remaining market value prior to homestead exclusion of \$150,000.

$$\$50,000 \times 45\% = \$22,500$$

The referendum market value is:

$$\$150,000 + \$22,500 = \mathbf{\$172,500}$$

Parcel 6

This parcel is entirely agricultural land and buildings and is not subject to referendum market value taxes.

The RMV is **\$0**.

Parcel 7

For this fractional agricultural homestead parcel, only the house, garage, and first acre (HGA) is subject to referendum market value taxes. The value of the house, garage, and first acre (HGA) occupied by Isabella is \$100,000.

For a 2a HGA, the referendum market value is the TMV prior to the homestead exclusion.

The referendum market value for this property is **\$100,000**.

Parcel 8

This parcel is classified as 4c(12) seasonal residential recreational and is not subject to referendum market value taxes.

The referendum market value is **\$0**.

Exercise 6 – Calculate State Net Tax Capacity

[Select to go back to Exercise 6 \(p. 23\)](#)

Parcel	EMV	TMV	LNTC	RMV	SNTC
Parcel 1: Vu	\$314,000	\$295,710	\$2,957	\$314,000	N/A
Parcel 2: Smith	\$314,000	\$277,800	\$1,783	\$115,000	N/A
Parcel 3: Ali	\$314,000	\$314,000	\$5,530	\$314,000	\$3,280
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$23,075	\$2,280,000	\$1,250
Parcel 5: Jones	\$200,000	\$171,450	\$1,440	\$172,500	N/A
Parcel 6: Garcia	\$2,000,000	\$2,000,000	\$20,000	N/A	N/A
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$31,312	\$100,000	N/A
Parcel 8: Davis/Abdul	\$195,000	\$195,000	\$1,950	N/A	\$1,494

Parcel 4

The state general tax applies to the following classes on this property:

- 1c Homestead resort value over \$2,300,000
- 3a Commercial value over \$150,000

In this case, there is \$100,000 of 1c homestead resort value over \$2.3 million, and no 3a commercial value over \$150,000.

The state general tax net tax capacity is therefore:

$$\$100,000 \times 1.25\% = \mathbf{\$1,250}$$

Parcel 5

Neither the 1b nor 1b classifications are subject to the state general tax, so there is no state general tax net tax capacity.

\$0

Parcel 6

This property is entirely class 2a agricultural nonhomestead and is not subject to the state general tax.

Parcel 7

2a agricultural homestead (including the HGA, land, and buildings) and 2a agricultural nonhomestead are not subject to the state general property tax, and the state net tax capacity for this property is \$0.

Parcel 8

For the purposes of the state general tax only, the net tax capacity of class 4c(12) property has the following class rate structure:

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

The taxable market value for this property is \$195,000. After the first \$76,000 in TMV, the remaining TMV is \$119,000. There is no value over \$500,000.

$$\$76,000 \times 0.004 = \$304$$

$$\$119,000 \times 0.010 = \$1,190$$

The state general tax net tax capacity is:

$$\$304 + \$1,190 = \mathbf{\$1,494}$$

Exercise 7 – Total Local Tax Rate

[Select to go back to Exercise 7 \(p. 27\)](#)

Blue Lake County	40.000%
West Township	20.000%
East Township	19.000%
School District No. 1	31.000%
School District No. 2	32.000%
Special Taxing District	1.500%

Parcel	EMV	TMV	LNTC	RMV	SNTC	TLTR
Parcel 1: Vu	\$314,000	\$295,710	\$2,957	\$314,000	N/A	93.500%
Parcel 2: Smith	\$314,000	\$277,800	\$1,783	\$115,000	N/A	90.000%
Parcel 3: Ali	\$314,000	\$314,000	\$5,530	\$314,000	\$3,280	91.000%
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$23,075	\$2,280,000	\$1,250	91.000%
Parcel 5: Jones	\$200,000	\$171,450	\$1,440	\$172,500	N/A	91.000%
Parcel 6: Garcia	\$2,000,000	\$2,000,000	\$20,000	N/A	N/A	91.000%
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$31,312	\$100,000	N/A	91.000%
Parcel 8: Davis/Abdul	\$195,000	\$195,000	\$1,950	N/A	\$1,494	91.000%

Parcel 4

The Johnsons' resort is in Blue Lake County, East Township, and School District No. 2. To calculate the property's total tax rate, add the three local tax rates together:

$$40.000\% + 19.000\% + 32.000\% = \mathbf{91.000\%}$$

Parcel 5

The parcel is located in Blue Lake County, East Township, and School District No. 2. To calculate the property's total tax rate, add the three local tax rates together:

$$40.000\% + 19.000\% + 32.000\% = \mathbf{91.000\%}$$

Parcel 6

This parcel is located in Blue Lake County, West Township, School District 1. To calculate the total local tax rate, add the three local tax rates together.

$$40.000\% + 20.000\% + 31.000\% = \mathbf{91.000\%}$$

Parcel 7

This property is located in Blue Lake County, East Township, and School District No. 2. To calculate the property's total tax rate, add the three local tax rates together:

$$40.000\% + 19.000\% + 32.000\% = \mathbf{91.000\%}$$

Parcel 8

The cabin owned by Monique Davis and Noor Abdul is located in Blue Lake County, West Township, and School District No. 1. To calculate the total local tax rate, add the three local tax rates together.

$$40.000\% + 20.000\% + 31.000\% = \mathbf{91.000\%}$$

Exercise 8 – Calculate Local Net Tax Capacity Tax

[Select to go back to Exercise 8 \(p. 29\)](#)

Parcel	EMV	TMV	LNTC	RMV	SNTC	TLTR	LNTC Tax
Parcel 1: Vu	\$314,000	\$295,710	\$2,957	\$314,000	N/A	93.500%	\$2,765
Parcel 2: Smith	\$314,000	\$277,800	\$1,783	\$115,000	N/A	90.000%	\$1,605
Parcel 3: Ali	\$314,000	\$314,000	\$5,530	\$314,000	\$3,280	91.000%	\$5,032
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$23,075	\$2,280,000	\$1,250	91.000%	\$20,998
Parcel 5: Jones	\$200,000	\$171,450	\$1,440	\$172,500	N/A	91.000%	\$1,310
Parcel 6: Garcia	\$2,000,000	\$2,000,000	\$20,000	N/A	N/A	91.000%	\$18,200
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$31,312	\$100,000	N/A	91.000%	\$28,494
Parcel 8: Davis/Abdul	\$195,000	\$195,000	\$1,950	N/A	\$1,494	91.000%	\$1,775

Parcel 4

$$\$23,075 \times 0.910 = \mathbf{\$20,998}$$

Parcel 5

$$\$1,440 \times 0.910 = \mathbf{\$1,310}$$

Parcel 6

$$\$20,000 \times 0.910 = \mathbf{\$18,200}$$

Parcel 7

$$\$31,312 \times 0.910 = \mathbf{\$28,494}$$

Parcel 8

$$\$1,950 \times 0.910 = \mathbf{\$1,775}$$

Exercise 9 – Calculate Referendum Market Value Tax

[Select to go back to Exercise 9](#) (p. 30)

Parcel	EMV	TMV	RMV	SNTC	LNTC Tax	RMV Tax
Parcel 1: Vu	\$314,000	\$295,710	\$314,000	N/A	\$2,765	\$149
Parcel 2: Smith	\$314,000	\$277,800	\$115,000	N/A	\$1,605	\$62
Parcel 3: Ali	\$314,000	\$314,000	\$314,000	\$3,280	\$5,032	\$169
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$2,280,000	\$1,250	\$20,998	\$1,084
Parcel 5: Jones	\$200,000	\$171,450	\$172,500	N/A	\$1,310	\$82
Parcel 6: Garcia	\$2,000,000	\$2,000,000	N/A	N/A	\$18,200	N/A
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$100,000	N/A	\$28,494	\$48
Parcel 8: Davis/Abdul	\$195,000	\$195,000	N/A	\$1,494	\$1,775	N/A

School District No. 1	0.05382%
School District No. 2	0.04753%

Parcel 4

$$\$2,280,000 \times .0004753 = \$1,084$$

Parcel 5

$$\$172,500 \times .0004753 = \$82$$

Parcel 6

Property classified as 2a agricultural land and buildings is not subject to referendum market value taxes.

Parcel 7

The referendum market value for this property is \$100,000.

$$\$100,000 \times .0004753 = \$48$$

Parcel 8

Property classified as 4c(12), seasonal residential recreational, is not subject to referendum market value taxes.

Exercise 10 – Calculate State General Property Tax

[Select to go back to Exercise 10](#) (p. 32)

Parcel	EMV	TMV	SNTC	LNTC Tax	RMV Tax	State Tax
Parcel 1: Vu	\$314,000	\$295,710	N/A	\$2,765	\$149	N/A
Parcel 2: Smith	\$314,000	\$277,800	N/A	\$1,605	\$62	N/A
Parcel 3: Ali	\$314,000	\$314,000	\$3,280	\$5,032	\$169	\$929
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$1,250	\$20,998	\$1,084	\$115
Parcel 5: Jones	\$200,000	\$171,450	N/A	\$1,310	\$82	N/A
Parcel 6: Garcia	\$2,000,000	\$2,000,000	N/A	\$18,200	N/A	N/A
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	N/A	\$28,494	\$48	N/A
Parcel 8: Davis/Abdul	\$195,000	\$195,000	\$1,494	\$1,775	N/A	\$137

Parcel 4

The state general tax net tax capacity is \$1,250 at the seasonal residential recreational rate of **9.203%**.

State NTC x State Rate = State Taxes

$$\$1,250 \times 0.09203 = \mathbf{\$115}$$

Parcel 5

This parcel is not subject to the state general tax.

Parcel 6

Property classified as 2a agricultural land and buildings is not subject to the state general tax.

Parcel 7

This property is not subject to the state general property tax.

Parcel 8

The state general tax net tax capacity is \$1,494 at the seasonal residential recreational rate of **9.203%**.

$$\$1,494 \times 0.09203 = \mathbf{\$137}$$

Exercise 11 – Calculate Credits

[Select to go back to Exercise 11](#) (p. 35)

Parcel	EMV	TMV	LNTC Tax	RMV Tax	State Tax	Credits
Parcel 1: Vu	\$314,000	\$295,710	\$2,765	\$149	N/A	N/A
Parcel 2: Smith	\$314,000	\$277,800	\$1,605	\$62	N/A	\$499
Parcel 3: Ali	\$314,000	\$314,000	\$5,032	\$169	\$929	N/A
Parcel 4: Johnson	\$2,580,000	\$2,542,450	\$20,998	\$1,084	\$115	N/A
Parcel 5: Jones	\$200,000	\$171,450	\$1,310	\$82	N/A	N/A
Parcel 6: Garcia	\$2,000,000	\$2,000,000	\$18,200	N/A	N/A	\$1,400
Parcel 7: Silva/Rodriguez	\$4,100,000	\$4,081,225	\$28,494	\$48	N/A	\$2,594
Parcel 8: David/Abdul	\$195,000	\$195,000	\$1,775	N/A	\$137	N/A

Parcel 4

This parcel does not qualify for the school building bond agricultural credit and does not qualify for the agricultural homestead market value credit.

Parcel 5

This parcel does not qualify for the school building bond agricultural credit and does not qualify for the agricultural homestead market value credit.

Parcel 6

This agricultural parcel is not homestead and therefore does not qualify for the Agricultural Homestead Market Value Credit. However, the parcel does qualify for the school building bond agricultural credit.

The 2a agricultural land has a LNTC of \$20,000 and is in School District No. 1 which has a non-OPEB bonded debt tax rate of 10%. To calculate the school building bond agricultural credit, we multiply the LNTC by that tax rate to achieve the tax amount associated with non-OPEB debt. We then multiply that tax amount by 70% to reach the credit amount.

$$(\$20,000 \times 10\%) \times 70\% = \mathbf{\$1,400}$$
 school building bond agricultural credit

Parcel 7

The 2a agricultural land has a TMV of \$4,000,000 and is the only portion that qualifies for the school building bond agricultural credit. The \$100,000 HGA does not qualify for the school building bond agricultural credit. Therefore, the LNTC for the portion that does qualify is \$30,500. This parcel is in School District No. 2 which has a non-OPEB bonded debt tax rate of 11%. To calculate the school building bond agricultural credit, we multiply the qualifying LNTC by that tax rate to achieve the tax amount associated with non-OPEB debt. We then multiply that tax amount by 70% to reach the credit amount.

$$(\$30,500 \times 11\%) \times 70\% = \mathbf{\$2,349}$$
 school building bond agricultural credit

The 2a agricultural land has a TMV of \$4,000,000. However, this parcel is a fractional agricultural homestead at 50%. In order to account for the fractional homestead, we calculate the credit based on the maximum amount and then halve that number to arrive at a fractional Agricultural Homestead Market Value Credit.

The maximum credit for each homestead is limited to \$490 at a market value of \$260,000. Because this property’s TMV is \$4,000,000, we know that the maximum \$490 credit applies.

To calculate the fractional credit, we multiply that amount by the amount of homestead on the parcel to get to the final credit.

$$\$490 \times 50\% = \mathbf{\$245}$$
 Agricultural Homestead Market Value Credit

To calculate the total credit amount, we add the school building bond agricultural credit amount to the Agricultural Homestead Market Value Credit amount.

$$\$2,349 + \$245 = \mathbf{\$2,594}$$
 total credit amount

Parcel 8

This 4c(12) property does not qualify for the school building bond agricultural credit and does not qualify for the agricultural homestead market value credit.

Exercise 12 – Calculate Net Property Tax

[Select to go back to Exercise 12](#) (p. 37)

Parcel	EMV	Net Property Tax
Parcel 1: Vu	\$314,000	\$2,914
Parcel 2: Smith	\$314,000	\$1,168
Parcel 3: Ali	\$314,000	\$6,130
Parcel 4: Johnson	\$2,580,000	\$22,197
Parcel 5: Jones	\$200,000	\$1,392
Parcel 6: Garcia	\$2,000,000	\$16,800
Parcel 7: Silva/Rodriguez	\$4,100,000	\$25,948
Parcel 8: Davis/Abdul	\$195,000	\$1,912

Parcel 4

$$\text{LNTC tax} + \text{RMV Tax} + \text{State Tax} - \text{Credits} = \text{Net Tax}$$

$$\$20,998 + \$1,084 + \$115 - \$0 = \mathbf{\$22,197}$$

Parcel 5

$$\text{LNTC tax} + \text{RMV Tax} + \text{State Tax} - \text{Credits} = \text{Net Tax}$$

$$\$1,310 + \$82 + \$0 - \$0 = \mathbf{\$1,392}$$

Parcel 6

$$\text{LNTC tax} + \text{RMV Tax} + \text{State Tax} - \text{Credits} = \text{Net Tax}$$

$$\$18,200 + \$0 + \$0 - \$1,400 = \mathbf{\$16,800}$$

Parcel 7

$$\text{LNTC tax} + \text{RMV Tax} + \text{State Tax} - \text{Credits} = \text{Net Tax}$$

$$\$28,494 + \$48 + \$0 - \$2,594 = \mathbf{\$25,948}$$

Parcel 8

$$\text{LNTC tax} + \text{RMV Tax} + \text{State Tax} - \text{Credits} = \text{Net Tax}$$

$$\$1,775 + \$0 + \$137 - \$0 = \mathbf{\$1,912}$$

Appendix – Resources

Acronyms

Acronym	Short For	Page
C/I	Commercial/Industrial	22
DRA	Disparity Reduction Aid	40
EMV	Estimated Market Value	10
HGA	House, Garage, and One Acre	7
HMVE	Homestead Market Value Exclusion	11
LNTC	Local Net Tax Capacity	15
NTC	Net Tax Capacity	15
OPEB	Other Post-Employment Benefits	34
RMV	Referendum Market Value	19
RMVT	Referendum Market Value Tax	30
SNTC	State Net Tax Capacity	22
SRR	Seasonal Recreational Residential	22
TLTR	Total Local Tax Rate	27
TMV	Taxable Market Value	10
UTA	Unique Taxing Area	9

Classification Rates for Taxes Payable in 2026

Class	Description	Tiers	NTC Class Rate	Subject to RMV Tax	Subject to State Tax
1a	Residential Homestead	First \$500,000	1.00%	Yes	No
		Over \$500,000	1.25%	Yes	No
1b	Homestead of Persons who are Blind/Disabled [classified as 1a or 2a]	First \$50,000	0.45%	Yes - 45%	No
	[classified as 1a or 2a]	\$50,001 - \$500,000	1.00%	Yes	No
		Over \$500,000	1.25%	Yes	No
1c	Homestead Resort	First \$600,000	0.50%	Yes - 50%	No
		\$600,001 - \$2,300,000	1.00%	Yes	No
		Over \$2,300,000	1.25%	Yes	Yes
1d	Housing for Seasonal Workers	First \$500,000	1.00%	Yes	No
		Over \$500,000	1.25%	Yes	No
2a	Agricultural Homestead - House, Garage, 1 Acre (HGA)	First \$500,000	1.00%	Yes	No
		Over \$500,000	1.25%	Yes	No
2a/2b	Agricultural Homestead - First Tier	First \$3,800,000	0.50%	No	No
2a/2b	Farm Entities Remaining First Tier	Unused First Tier	0.50%	No	No
2a	Agricultural - Nonhomestead or Excess First Tier		1.00%	No	No
2b	Rural Vacant Land		1.00%	No	No
2c	Managed Forest Land		0.65%	No	No
2d	Private Airport		1.00%	No	No
2e	Commercial Aggregate Deposit		1.00%	No	No
3a	Commercial/Industrial/Utility (<i>not including utility machinery</i>)	First \$150,000	1.50%	Yes	No
		Over \$150,000	2.00%	Yes	Yes
	Electric Generation Public Utility Machinery		2.00%	Yes	No
	All Other Public Utility Machinery		2.00%	Yes	Yes
	Transmission Line Right-of-Way		2.00%	Yes	Yes
4a	Residential Nonhomestead 4+ Units		1.25%	Yes	No
4b(1)	Residential Nonhomestead 1-3 Units		1.25%	Yes	No
4b(2)	Unclassified Manufactured Home		1.25%	Yes	No
4b(3)	Agricultural Nonhomestead Residence (2-3 Units)		1.25%	Yes	No
4b(4)	Unimproved Residential Land		1.25%	Yes	No
4bb(1)	Residential Nonhomestead Single Unit	First \$500,000	1.00%	Yes	No
		Over \$500,000	1.25%	Yes	No
4bb(2)	Agricultural Nonhomestead Single Unit (HGA)	First \$500,000	1.00%	Yes	No
		Over \$500,000	1.25%	Yes	No
4bb(3)	Condominium Storage Unit	First \$500,000	1.00%	Yes	No
		Over \$500,000	1.25%	Yes	No
4c(1)	Seasonal Residential Recreational Commercial (resort)	First \$500,000	1.00%	Yes	Yes
		Over \$500,000	1.25%	Yes	Yes
4c(2)	Qualifying Golf Course		1.25%	Yes	No
4c(3)(i)	Nonprofit Community Service Org. (non-revenue)		1.50%	Yes	No
	Congressionally Chartered Veterans Organizations (non-revenue)		1.00%	Yes	No
4c(3)(ii)	Nonprofit Community Service Org. (donations)		1.50%	Yes	Yes
	Congressionally Chartered Veterans Organizations (donations)		1.00%	Yes	Yes
4c(4)	Post-Secondary Student Housing		1.00%	No	No
4c(5)(i)	Manufactured Home Park		1.25%	Yes	No
4c(5)(ii)	Manufactured Home Park (>50% owner-occupied)		0.75%	Yes - 75%	No
4c(5)(ii)	Manufactured Home Park (50% or less owner-occupied)		1.00%	Yes	No
4c(5)(iii)	Class I Manufactured Home Park		1.00%	Yes	No
4c(6)	Metro Nonprofit Recreational Property		1.25%	Yes	No
4c(7)	Certain Noncommercial Aircraft Hangars and Land (leased land)		1.50%	Yes	No
4c(8)	Certain Noncommercial Aircraft Hangars and Land (private land)		1.50%	Yes	No
4c(9)	Bed & Breakfast		1.25%	Yes	No
4c(10)	Seasonal Restaurant on a Lake		1.25%	Yes	No
4c(11)	Marina	First \$500,000	1.00%	Yes	No
		Over \$500,000	1.25%	Yes	No
4c(12)	Seasonal Residential Recreational Noncommercial	First \$76,000	1.00%	No	Yes - 0.40%
		\$76,001 - \$500,000	1.00%	No	Yes - 1.00%
		Over \$500,000	1.25%	No	Yes - 1.25%
4d(1)	Low-Income Rental Housing (Per Unit)		0.25%	Yes - 25%	No
4d(2)	Homestead Community Land Trust (per Unit)		0.75%	Yes - 75%	No
5(1)	Unmined Iron Ore and Low-Grade Iron-Bearing Formations		2.00%	Yes	Yes
5(2)	All Other Property		2.00%	Yes	No