



Engaging Minnesota to Help Property Taxpayers

October 15, 2026

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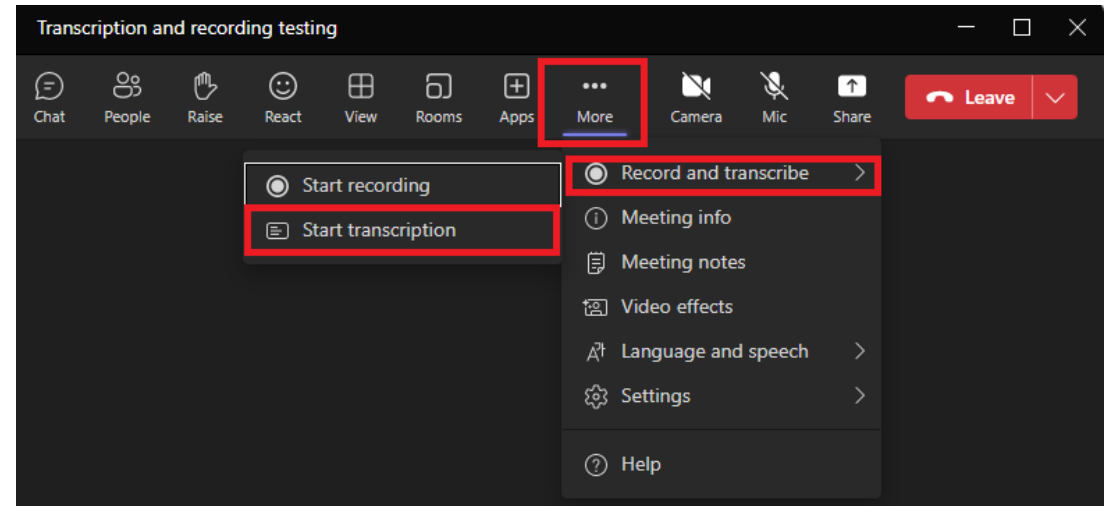
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Welcome to Engaging Minnesota to Help Property Taxpayers

Paul Marquart | Commissioner

Agenda

- Previewing questions to explore
- Poll updates
- Recap previous meetings
- Information session
- Guest speakers reflect on simpler and less costly
- Feedback session
- Next meeting and closing

Questions We Will Explore

- What "hidden costs" do property owners need to navigate when going through the property tax process?
- What parts of the property tax system feel unnecessarily complicated or hard to follow?
- If you imagine a simpler property tax process, what features or changes would make it easier for people to navigate on their own?

Poll is Available!

- **Today** is the last day for the poll
- It is quick and anonymous
- Agree or disagree: “I know how to find help when I need it.”
- Take a few minutes to [complete our poll](#).





Previous Meetings Recap

Recap: Refocusing on the Property Taxpayer

How can the state and local government, and the property tax system benefit property taxpayers?

- Most efforts look at **administrative and government perspectives**.
- This series of engagement looks from the **taxpayer's perspective**.

Recap: Goals of these Sessions

Revenue wants ideas and recommendations to improve the property tax system. We strive for a system that is:

- Easy to understand
- Simple to use
- Responsive to taxpayer needs
- Simpler and less costly

Recap: Structure of Meetings

Recommendations should:

- Be low to no-cost to implement
- Not shift property taxes from one group of taxpayers to another
- Prioritize beneficial impacts to the property taxpayer above all else

Goals for the Property Taxpayer				
	Easier to Understand	More Accessible	More Accountable	Simpler and Less Costly
State				
Local Governments				
Property Tax Process				

Recap: Reflections from guest speakers

- Matt Hilgart, Association of Minnesota Counties
- Nathan Jesson, Minnesota Inter-County Association
- Beth Johnston, League of Minnesota Cities
- Mark Haveman, Center for Fiscal Excellence

Recap: Meeting Resources

Visit [Engaging Minnesota to Help Property Taxpayers](#) or go to revenue.state.mn.us and enter **Engaging Minnesota** into the Search box to see:

- Agendas
- Slides
- Minutes
- Recordings

Proposals to Improve How Services Are Delivered

Commission on Service in Innovation

Commission on Service in Innovation (2010 – 2012)

- Performance-based organizations
- Foster innovation
- Explore shared services initiative

Changing the Bottom Line

[Minnesota's Bottom Line](#) (2009)

[Beyond the Bottom Line](#) (MinnPost 2011)

Both focus on:

- Redesign based on better outcomes, not maintaining outdated services
- Long-term reforms: innovations and performance-based budgeting

Moving Beyond the Status Quo

[Association of Minnesota Counties – MN Redesign](#) (2010)

- Current system relies on tax increases and budget cuts
- Minnesota Accountable, Government, Innovation, Collaboration Act – new approaches to delivering services

U of M Study Calls for Innovation

[Minnesota Local Government Innovations and Redesign Guide: Navigating the New Normal](#) (MPR 2011) – Jay Keidrowski

- Rethink delivery, not rely on reductions
- Calls for partnerships, shared services, collaboration

Local governments cite following federal and state mandates including:

- Health and Human Services
 - SNAP
 - Medicaid
 - Child Protection
 - Disability waiver services
 - Out-of-home placement



Ways to Ease Property Tax Increases

- Joint powers agreements
- Municipal bonds for capital projects
- Sales taxes
- User charges and service fees
- State aid
- Federal grants



- Often follows major property tax reform or big aid increases
- Usually applies to larger counties and cities
- Limits levy growth to inflation plus new construction
- Exemptions include natural disasters and matching federal funding
- Minnesota: several levy limits since 1972
- About 35 states, including all our neighbor states, impose levy limits

Participation costs

- Time
- Travel
- At home care
- Opportunity

Process costs

- Time to prepare or appeal



Guest Speaker: Minnesota Inter-County Association

Nathan Jesson



2026 MICA Property Tax Presentation

Department of Revenue—October 15, 2026

Nathan Jesson, Executive Director



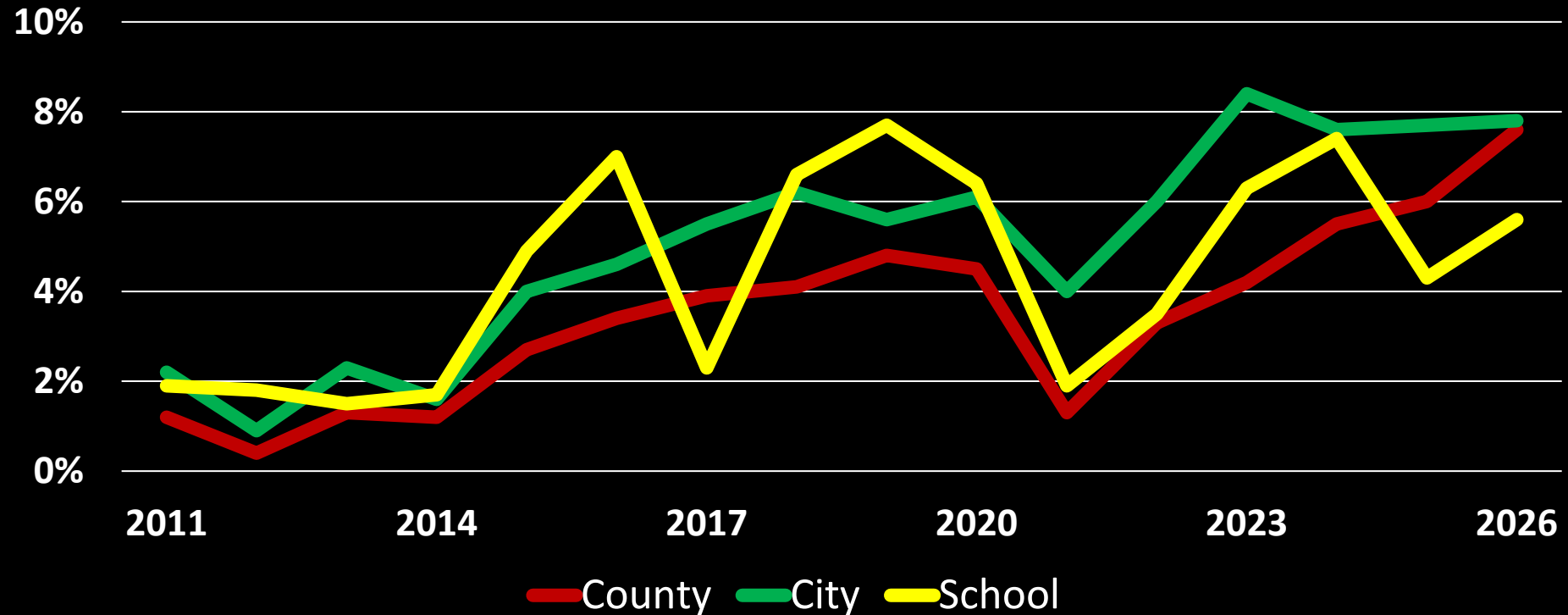
Role of Counties

- One of the roles of counties is to fill out requirements from the federal and state government
- But those mandates fall on property taxpayers if they're not paid for by the state and federal government
- Unfunded mandates are rising at the state and federal level as congress and legislators struggle to address rising spending or raise revenue on their own
- Explicit “cost shifts” are on the rise as well, requiring counties to pay for a percentage of state or federal government spending

Property Taxes in 2026

- County levies in MN went up by \$318 million statewide or 7.6% on average

Statewide Avg Levy % Increase by Local Gov Unit



New Federal Unfunded Mandates

- In 2025 Congress passed HR 1, which created a new administrative cost shift for on counties that took reduced the federal reimbursement for administering the SNAP program from 50 percent to 25 percent
 - Estimated impact of **\$35 million** annually, increasing about 5% annually
 - MN appropriated \$10.7 million onetime to address this cost shift in 2026
 - **Cost shift effective October 1, 2026**
- That federal law change also created a new benefits cost shift, requiring states and counties to pay up to 15% of SNAP benefits
 - Current state law requires counties to cover half of any benefit cost shift
 - Statewide impact still TBD, estimates put the cost shift around **\$65 million** annually, with growth over time
 - Also includes new eligibility requirement work for counties to take on
 - Mandates increasing while funding decreasing
 - ***Cost shift effective October 1, 2027 unless legislature takes action***

New State Unfunded Mandates

- **Long Term Services and Supports Task Force**
 - In 2025 the legislature passed **\$61.5 million (FY 28-29)** in cost shifts to counties
 - There will be an **additional \$88.75 million cost shift to counties** if the state does not realize savings from the long term services and supports task force
 - *Shift effective July 1, 2027 unless legislature takes action*
- **African-American Family Preservation and Child Welfare Disproportionality Act**
 - In 2024 MN enacted legislation intended to reduce disparities in child protection system and improve outcomes for children
 - State program but being funded by county property tax levy right now
 - Needs ongoing funding to ensure successful implementation statewide
 - Cost implementation dependent on work counties are already doing but **conservative estimates put the cost over \$50 million annually**
 - The state appropriated \$15 million one time to counties in 2026 to implement this program
 - *Program effective statewide January 1, 2027*



New cost shifts add to existing county burdens

Earlier shifts often remain when state finances improve



Each new shift adds another layer of pressure to county budgets



Minnesota African American Family Preservation and Child Welfare Disproportionality Act

- Effective date is January 1, 2027
- The State Legislature authorized a one-time \$15 million in aid to counties to help defray costs
- Anoka County will receive an allocation of \$644,285.
- The 2027 Budget includes \$2.8 million in anticipated costs to fund the requirements of the program
 - \$2 million in support and contractual service expenditures
 - Just under \$800K to fund 6 new FTE's in Child Protection.
 - This represents about a 1% increase in the Property Tax Levy - net of allocation

Disability and Waivered Services Reform

- During the 2025 State Legislative Session, The burden of Residential Waiver Costs was shifted to counties beginning on July 1, 2027.
- This will equate to about \$2.6 million in 2027 and grow to almost \$6 million in 2028 and beyond.
- Potential impact equivalent to 1.2% of levy for 2027, with an additional 1.2% needed for 2028.
- Counties question the shift and feel it is a State responsibility. We are not adding this in for the 2027 Budget, and have set aside a fund balance reserve to allow us to address this issue during the next legislative session without burdening our taxpayers.

HR1 Impacts on SNAP and Medicaid (Economic Assistance)

- The Federal Government through the passage of HR1 has passed a portion of the Administrative Burden for the SNAP Program to States through increased workload and reduced administrative funding.
- Due to the way SNAP is managed in Minnesota, counties are facing a burden for this shift unless the State covers the Federal shift.
- Currently the State has opted to shift the responsibilities to counties, which would result in an additional unfunded mandate to Anoka County for \$1.6 million, which is included in our 2027 Budget.
- Additionally, we are subject to a benefit cost share shift based on state error rate of an estimated \$872K (0.4% levy impact) for 4th quarter 2027, and over \$3.5m for 2028 (1.6% levy impact)
- New eligibility requirements also require additional staffing, which would be a net of just over \$250K.
- Future Medicaid changes are expected to increase our staffing needs by about \$382K

2027 State and Federal Impacts

SNAP

As a result of Federal Actions in 2025 HRI, shifted a portion of both administrative and program expenses related to SNAP from the federal government to the state government. Each state's legislature decides how these new state costs are to be paid. At this time in MN, the administrative costs are primarily paid by counties. HRI increased the administrative cost share from 50% to 75%. For 2027 we are estimating that to be just over and additional \$400,000. Beginning 4th quarter 2027, states are also now required to pay a percentage of benefits issued based on the state's overall SNAP error rate. For 2027 we are estimating this to be just over \$160,000 assuming the state pays 50%. Will be receiving a one time state appropriation of \$120,000 to offset the administrative cost shift.

LTSS

Pursuant to MN Statute, the LTSS County Cost Share will go into effect 7/1/2027. We are estimating the impact based on historical data. DHS provided 24/25 data for counties to demonstrate what the cost share would have been in those years had it been in effect to assist with developing budget estimates. Rice County 2025 estimate was just over \$700,000. For 2027 we have estimated approximately \$355,00 for half of a year.

Other

Additional increased administrative work requirements related to 6 month renewals instead of annual, tracking Medicaid work requirements, implementation of the MAAFFCWDA (received one time funding \$129,302), anticipated CCA subsidy decrease for FY2028, ending of the federal CDC Infrastructure Grant for 4 states that funded our disease prevention and control work which is a mandated function of public health. Increasing costs of nursing home stays for those under 65. End of appropriations related to the pandemic.

FINAL ORDER RELATED TO THE 2911 RULE, MN STATUTE RELATED TO JAILS \$600,000 +/- not currently included in budget, will be added for final.

Note:

These are some examples of large changes for 2027 but not an exhaustive list.



Balancing Costs and Tax Impacts



SAINT
LOUIS
COUNTY
MINNESOTA

Increasing Costs to the County

\$24.8M in Costs

- ☒ State & Federal Cost Shifts
- ☒ Public Health & Human Services Investments
- ☒ Public Safety Investments
- ☒ Wages
- ☒ Health Insurance
- ☒ Inflation
- ☒ Capital Needs



Approaches to Lower Tax Impacts

- Staff Reductions
- Restructuring
- Consolidation & Reduction of Services
- Leveraging Technology
- Infrastructure Investment Delays
- Targeted Use of Fund Balance
- Maximization of Other Revenues

6.25% Levy Increase

2027

\$12.1M in Cuts

\$12.7M Levy Increase



New Preliminary Levy Change

The County currently has an individual placed at Anoka Metro Regional Treatment Center (AMRTC)

- Individual currently Does Not Meet Medical Criteria for placement at AMRTC
- Could take up to a year to transfer to a new placement
- Estimated cost to the County: \$1,000,000
- Should know more by the end of October

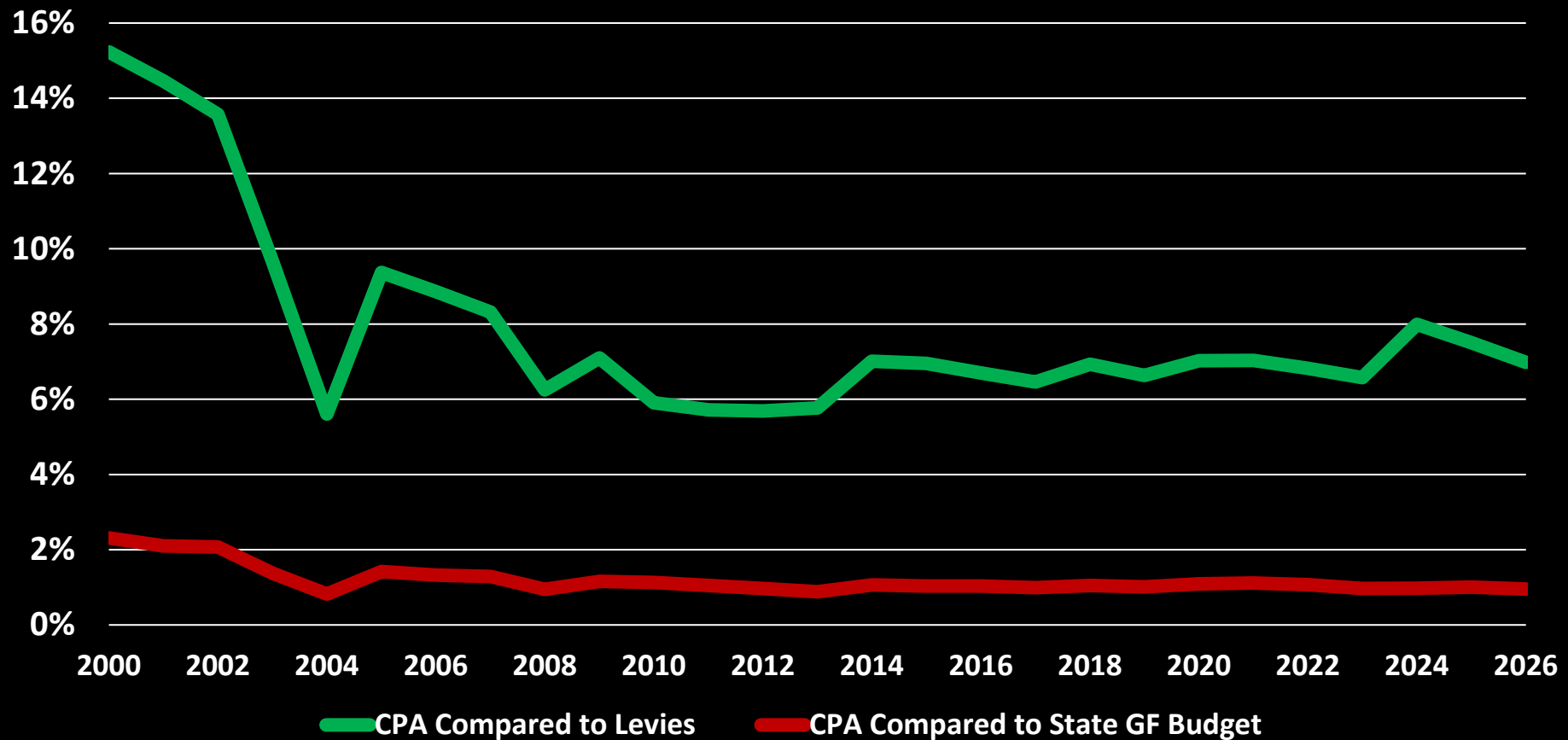
Staff recommends adding contingency to the preliminary levy until we know more

- 8.33% preliminary levy – alternate resolution provided
- \$483,401 – would cover approximately half a year's cost
- Remaining would need to come from fund balance



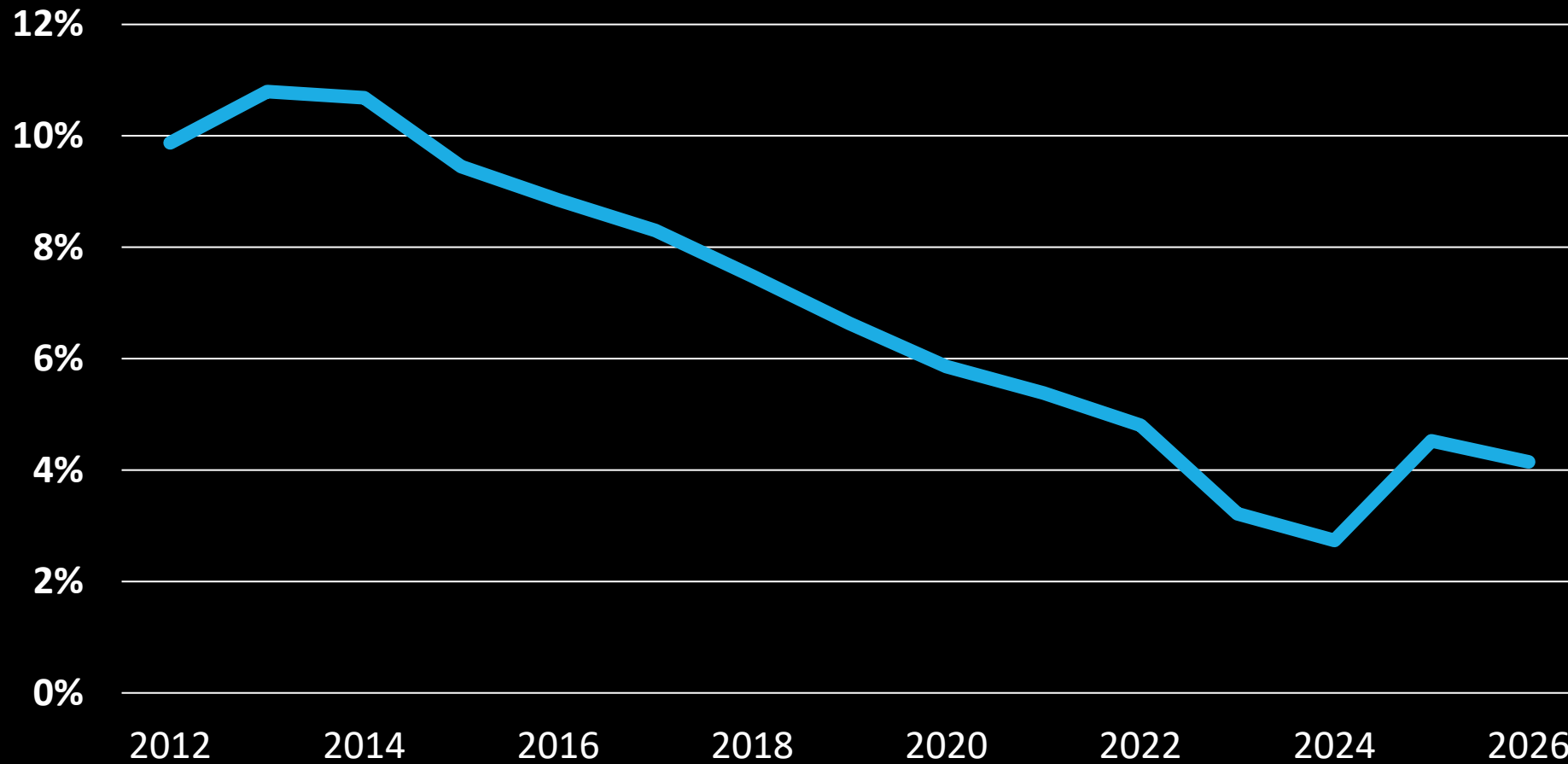
Property Tax Comparison

County Program Aid compared to levies and state general fund budget



Homestead Market Value Exclusion

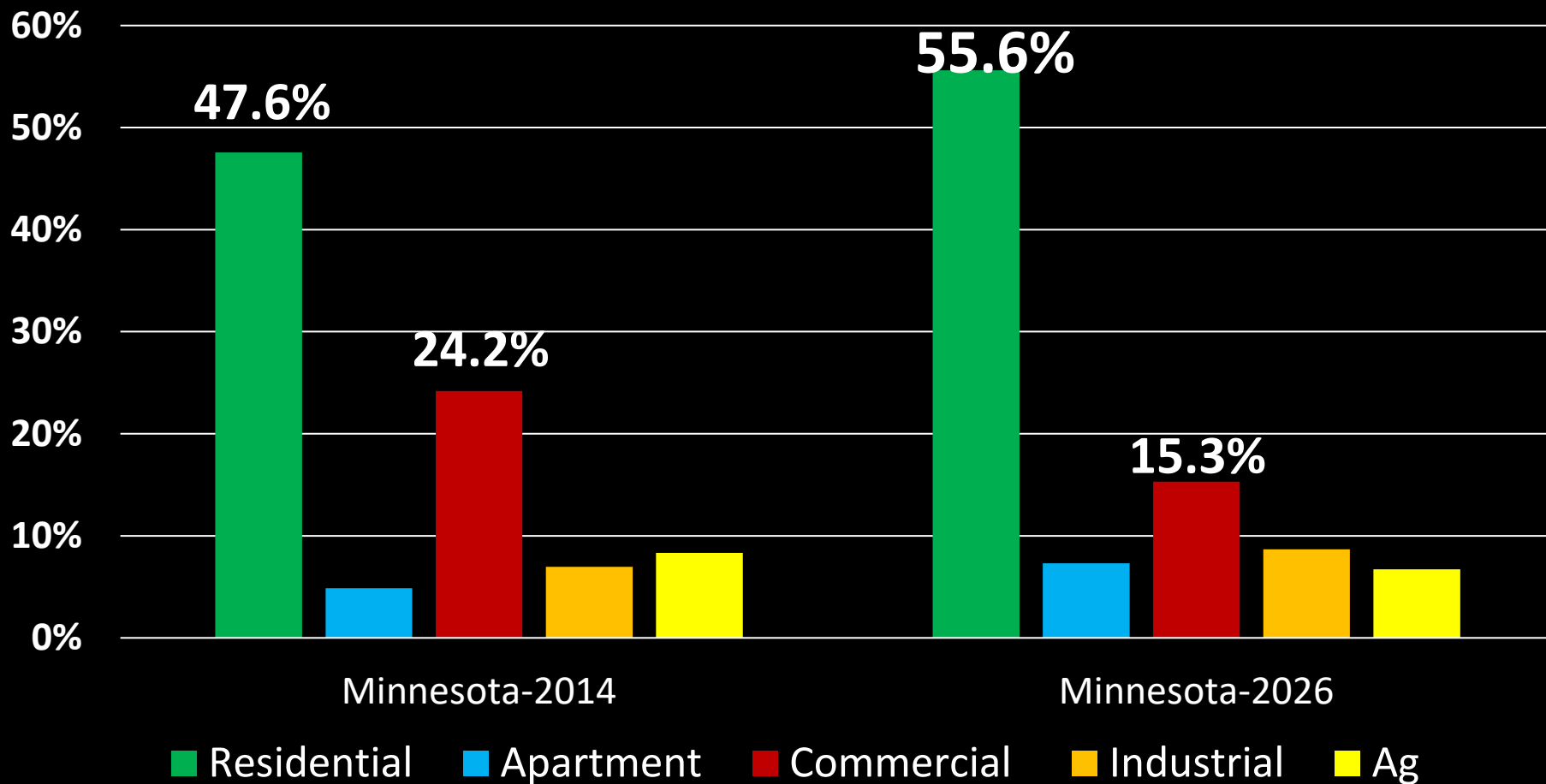
% of Homestead Market Value Excluded





Property Tax Comparisons

Net Share of Property Taxes Paid

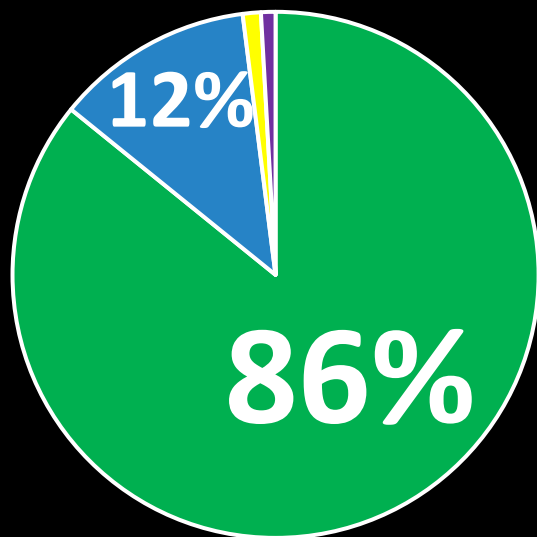




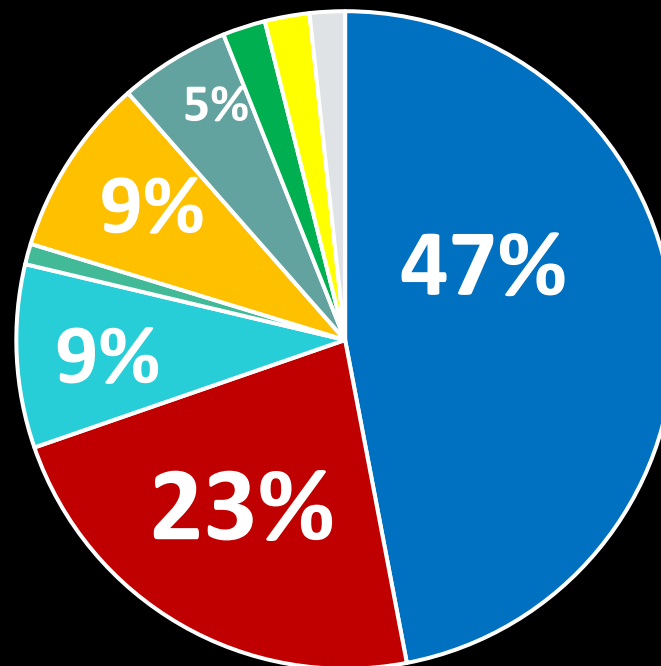
Revenue Sources

FY 2025 State Own Source Revenue

2026 County Own Source Revenue



- Property Taxes
- Other taxes
- Special assessments
- Licenses and permits



- Individual Income Tax
- Corporate Franchise Tax
- Motor vehicle fuel, registration, sales tax
- State Property Tax
- All other taxes
- General Sales & Use Tax
- Estate Tax
- MNCare, Health Care, Insurance tax
- Liquor, tobacco, cannabis tax



State Budget Picture

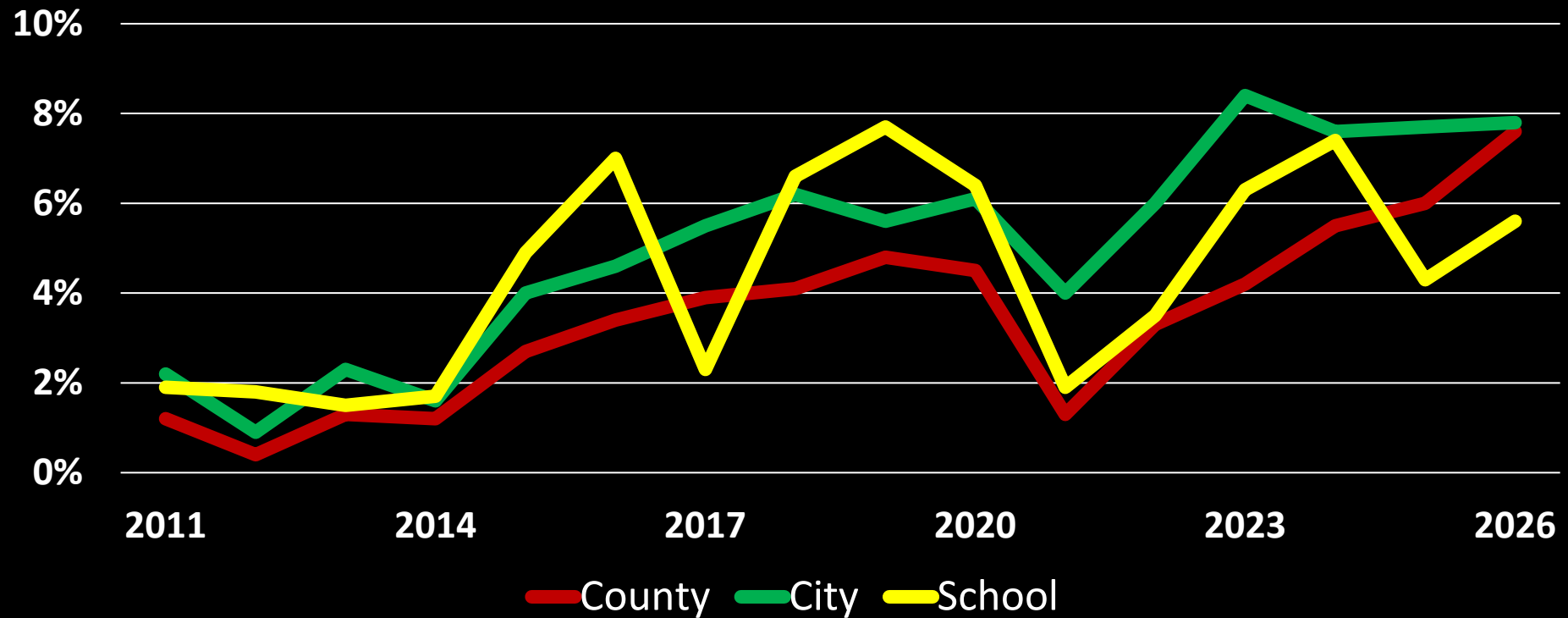
End of 2026 Session Budget Picture

	26-27	28-29
General Fund Revenue	\$67,047	\$70,219
General Fund Spending	\$71,122	\$72,405

(\$ in millions, not factoring in inflation)

- State continues to roll over previous surpluses to cover existing structural imbalance between spending and revenue
- Budget reserve remains strong at \$3.421 billion, grows depending on size of state budget and revenue volatility factors
- Fiscal year 2026 revenues closed \$248 million above forecast
- First quarter revenue collections \$897 million above forecast
- State likely looking at short term surplus with unclear picture in FY 30-31

Statewide Avg Levy % Increase by Local Gov Unit





Questions or Comments?

Contact Information

MICA Executive Director

Nathan Jesson

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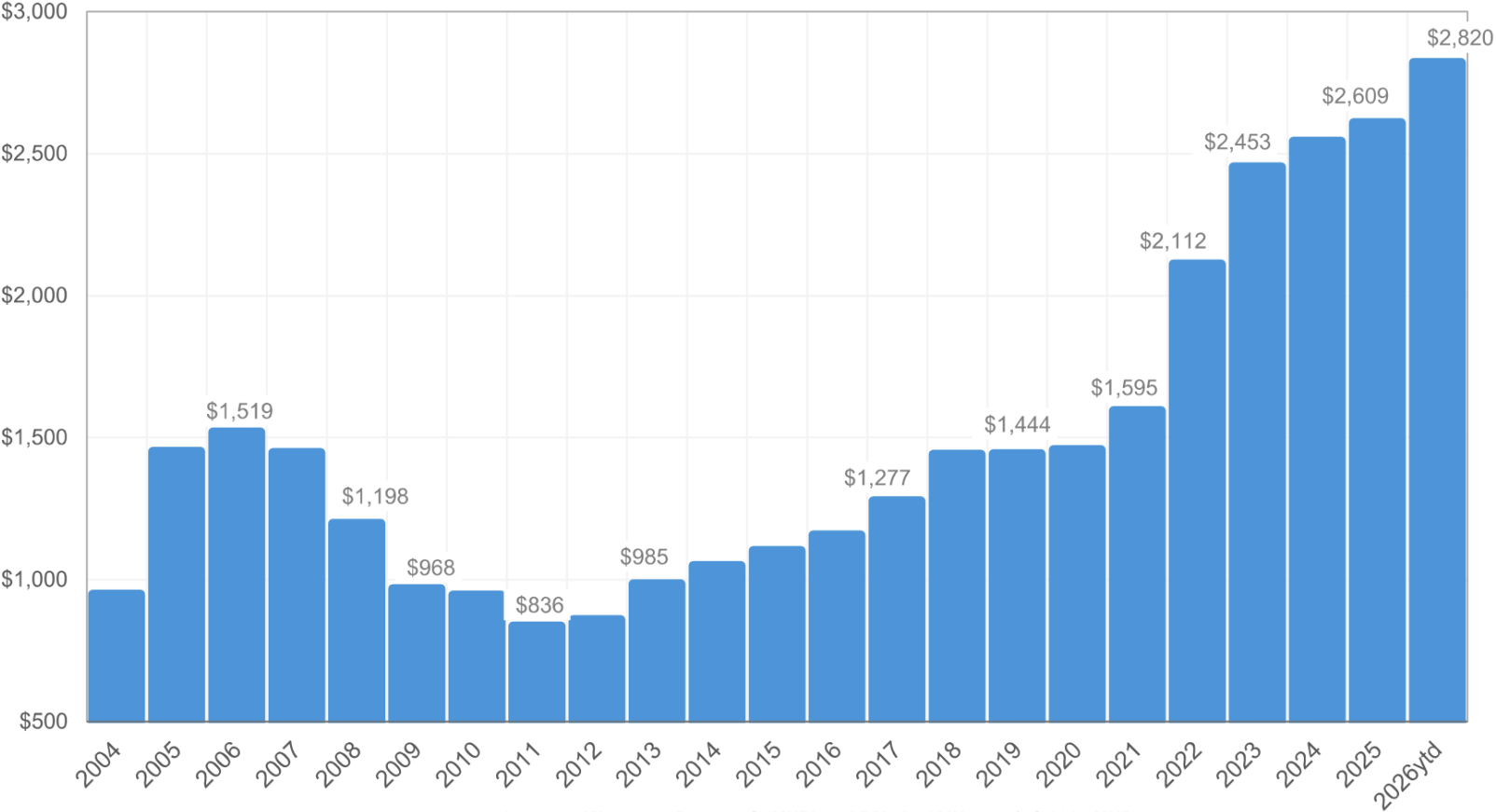
Guest Speaker: Minnesota Realtors

Paul Eger

Monthly budgets s t r e t c h e d

Monthly PITI Payment on Median Priced Home, Minnesota

(Using current 30-yr FRM rates, assuming 10% down, 1.21% tax rate and 0.73% insurance)



Using 7.2%
rate
(current)

Source: Minnesota Realtors® (MNR) and RMLS of MN, Inc. | © 2026 MNR

Income needed for mortgage payment not to exceed 30%

Based on monthly PITI Payment on Median Priced Home, Minnesota

(Using current 30-yr FRM rates, assuming 10% down, 1.21% tax rate and 0.73% insurance)



Source: Minnesota Realtors® (MNR) and RMLS of MN, Inc. | © 2026 MNR



Making the Property Tax System Simpler and Less Costly

Goals Defined: Simpler and Less Costly

- Reducing the financial costs and administrative burden for property taxpayers so they can:
 - Meet property tax obligations
 - Get help
 - Navigate the process more easily
- **Examples:** [Taxes & Values](#) webpage from Ramsey County, state mandates, local service delivery

Ideas You Shared With Us

- Help residential homeowners that do not qualify for PTR
- Combine class codes
- Pay taxes once during the initial purchase
- Lower or no property taxes for homes that are paid off
- Base property tax on square footage of property
- Assess property taxes based on ability to pay

Note: This is feedback we received. It does not reflect a position by Revenue.

What "hidden costs" do property owners need to navigate when going through the property tax process?

What parts of the property tax system feel unnecessarily complicated or hard to follow?

If you imagine a simpler property tax process,
what features or changes would make it easier
for people to navigate on their own?

Wrap-up session and Reflections from Revenue

Date: Tuesday, October 27

Time: 1 p.m. to 2:30 p.m.

In person: Room 2010, Stassen Building, 600 N. Robert St., St. Paul, MN 55101

Virtually: Link provided when you register

Questions: Email public.engagement.mdor@state.mn.us

For meeting and registration information, visit [Engaging Minnesota to Help Property Taxpayers](#) or go to revenue.state.mn.us and enter **Engaging Minnesota** into the Search box.



Thank you!
Commissioner Paul Marquart