

# FOR YOUR INFORMATION

A publication of the Association of Minnesota Counties

## WHY PROPERTY TAXES VARY FROM YEAR TO YEAR

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### THE MARKET VALUE OF A PROPERTY MAY CHANGE.

- Each parcel of property is assessed at least once every four years.
- Each year, a sales ratio study is done to determine if the property is assessed similarly to like properties.
- You may make additions or improvements to your property.

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### THE MARKET VALUE OF OTHER PROPERTIES IN YOUR TAXING DISTRICT MAY CHANGE, SHIFTING TAXES FROM ONE PROPERTY TO ANOTHER.

- New construction broadens the tax base.
- Inflation will make the tax base larger.
- In some areas, the value of certain types of property is going down.

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### THE COUNTY BUDGET AND LEVY MAY CHANGE.

- Each year, a county reviews the needs and wants of its citizens and how to meet those needs and wants.
- The county must review discretionary spending (decisions made locally) and non-discretionary spending (decisions based on federal, state and court mandates).

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### THE CITY BUDGET AND LEVY MAY CHANGE.

- Each year, a city reviews the needs and wants of its citizens and how to meet those needs.

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### THE TOWN BUDGET AND LEVY MAY CHANGE.

- Each year in March, towns set the levy and budget for the next year.

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### THE SCHOOL DISTRICT'S BUDGET AND LEVY MAY CHANGE.

- The Legislature determines basic funding levels for K-12 education.
- School districts set levies for many purposes including transportation, community education, etc.
- On average about 85% of school funding is provided by the state.

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### A SPECIAL DISTRICT'S BUDGET AND LEVY MAY CHANGE.

- Special districts include: hospital districts, watershed districts, drainage districts, etc.

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### VOTERS MAY HAVE APPROVED A SCHOOL, CITY, TOWN OR COUNTY REFERENDUM.

- Referendums may be held for construction projects, excess levies for schools and many other purposes.
- Referendum levies are usually spread on market value and not assessed value.

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### FEDERAL OR STATE MANDATES MAY HAVE CHANGED.

- Both the state and federal governments require local governments to provide certain services and follow certain rules. (Providing burial of the indigent is an example of a state mandate; collection of child support is an example of a federal mandate.)

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## AID FROM THE STATE OR FEDERAL GOVERNMENT MAY HAVE BEEN CHANGED.

- Each year the legislature reviews and adjusts aid formulas.
- Some examples of state aid to counties include: Homestead & Agricultural Credit Aid (HACA), Community Justice Aid (CJA), Community Social Services Act (CSSA), Community Health Services (CHS) Funding under the Local Public Health Act, and the Select Committee on Recycling and the Environment (SCORE).
- An example of federal aid includes grants for Temporary Assistance for Needy Families (TANF), which replaced Aid to Families with Dependent Children (AFDC).

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## THE STATE LEGISLATURE MAY HAVE CHANGED CLASS RATES.

- A change in class rates will require a change in the tax rate to raise the same amount of money.
- In 2001, the legislature made significant changes in class rates as part of a major property tax reform bill, the effects of which will not be felt for a number of years.

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## SPECIAL ASSESSMENTS MAY HAVE BEEN ADDED TO THE TAX BILL.

- Water lines, curb and gutter, and street overlays are examples of special assessments.

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## CHANGES IN LAW MAY ADJUST THE TAX BASE.

- Fiscal disparities, personal property taxes on utilities and tax increment financing are examples of laws that affect property taxes.



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