

Estimated Impact of Market Value Exclusion on 2012 Payable for a C/I Property with a Market Value of \$3,000,000 in Selected Metro Area Cities

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The analysis is adapted from city-specific model runs conducted by Minnesota House Research

The table on the right shows the estimated impact of the 2011 change in C/I property taxes payable due to the transformation of market value homestead credit into the market value homestead exclusion.

- The effect of this legislation is that a property tax subsidy formerly paid by the state is now being paid by other properties in the taxing jurisdiction.
- It is important to note that the figures presented in this table only estimate the impact of credit-to-exclusion conversion to provide a sense of how much of any 2012 C/I property tax increases which NAIOP members are experiencing can be attributed to this specific change in law.
- Actual changes in C/I 2012 property taxes payable in these cities will be different depending on actual levies enacted for 2012, and “normal” burden shifting across property types due to changes in relative market value/tax capacity.
- The average change in C/I property taxes payable is 1.71% or \$1,842 for the hypothetical \$3,000,000 C/I property. Increases range from a low of \$930 to a high of \$4,900. On a percentage basis, increases range from 0.88% to 4.51%.

Gary Carlson, director of intergovernmental relations for the League of Minnesota Cities, said the effects of the switch to the market value exclusion system will vary from city to city. But in general, he said, communities with many lower-value homes and small commercial-industrial bases will see the biggest tax shifts to commercial properties.

	Pay 2012*		Pay 2012 - with Conversion**		Change - Net Tax	
	Net Tax	ETR	Net Tax	ETR	Amount	Percent
Bloomington	107,749	3.59%	108,863	3.63%	1,114	1.03%
Brooklyn Center	121,200	4.04%	126,101	4.20%	4,900	4.04%
Brooklyn Park	114,060	3.80%	115,865	3.86%	1,805	1.58%
Burnsville	103,237	3.44%	104,486	3.48%	1,249	1.21%
Eagan	97,657	3.26%	98,644	3.29%	987	1.01%
Eden Prairie	106,071	3.54%	107,000	3.57%	930	0.88%
Edina	101,862	3.40%	102,937	3.43%	1,076	1.06%
Golden Valley	113,424	3.78%	114,850	3.83%	1,426	1.26%
Lakeville	103,208	3.44%	104,330	3.48%	1,122	1.09%
Maple Grove	107,664	3.59%	108,956	3.63%	1,292	1.20%
Minneapolis	117,753	3.93%	119,961	4.00%	2,208	1.87%
Mnettonka	105,754	3.53%	106,741	3.56%	987	0.93%
Oakdale	99,543	3.32%	100,749	3.36%	1,206	1.21%
Plymouth	104,299	3.48%	105,313	3.51%	1,015	0.97%
Rochester	103,048	3.43%	107,377	3.58%	4,329	4.20%
Rogers	113,431	3.78%	115,174	3.84%	1,743	1.54%
Roseville	105,228	3.51%	106,929	3.56%	1,701	1.62%
Shakopee	101,419	3.38%	102,620	3.42%	1,202	1.18%
St. Cloud	102,935	3.43%	107,574	3.59%	4,638	4.51%
St. Louis Park	107,401	3.58%	108,754	3.63%	1,353	1.26%
St. Paul	111,615	3.72%	114,713	3.82%	3,098	2.78%
Woodbury	101,734	3.39%	102,887	3.43%	1,153	1.13%

ETR = effective tax rate

*Assumes no levy increases over payable 2011

**Assumes no changes to distribution of tax burden due to market-based valuation changes across property types