

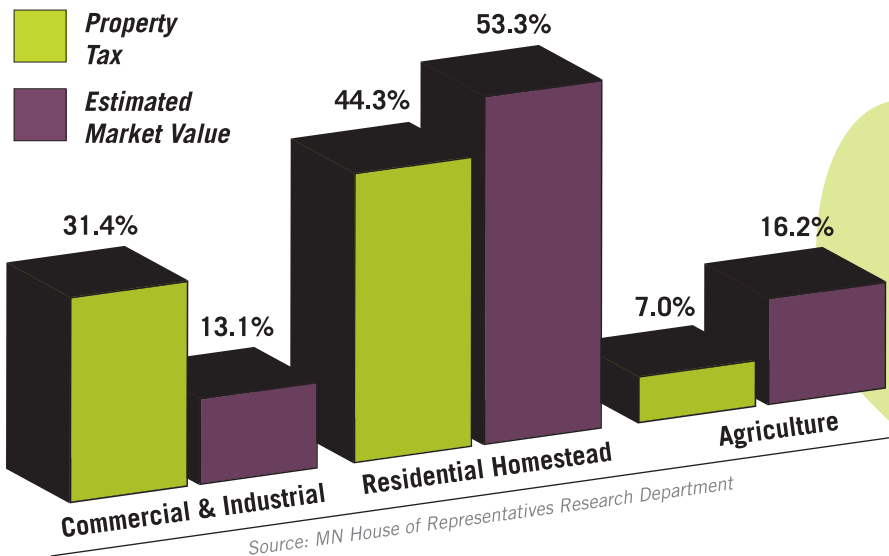
For Minnesota's thousands of job-creating small businesses, our dozens of Fortune 500 employers, and our tens of thousands of entrepreneurs innovating and working to build a brighter economic future...

—COSTS MATTER—

...and the costs that matter most are the fixed costs they cannot control, such as the property taxes they must pay on the buildings they own or in which they lease space to office or operate.

MINNESOTA'S CLASSIFICATION SYSTEM

shifts the burden of local property taxes onto commercial/industrial (C/I) properties. In effect, owners and their employer-tenants end up subsidizing all other taxpayers in the same jurisdiction.



The employers who ultimately pay these property taxes already contribute far more than their fair share—in fact, nearly three times their share based on estimated market value.

Business property owners and their employer-tenants paid 31.4% of all property taxes, but represented only 13.1% of total statewide estimated market value.

MINNESOTA'S STATE GENERAL TAX

places an additional fixed cost on every employer, no matter their size, profitable or not.

Like homeowners, all businesses pay property taxes to their local, city, county and school district. Unlike homeowners, businesses—along with cabin owners—are then taxed a second time on the same property by the state itself.

In 2012, the State General Tax will have collected a total of \$817 million, paid into and spent by the state's General Fund—95% of it paid by Minnesota's businesses and employers—on top of all of the local property taxes they have paid in their local taxing jurisdictions.

PAYABLE YEAR	MONEY RAISED BY THE STATE GENERAL PROPERTY TAX LEVY
2002	\$592.0 (millions)
2003	595.0
2004	615.0
2005	625.0
2006	655.0
2007	693.0
2008	729.0
2009	774.0
2010	779.0
2011	795.0
2012	817.0

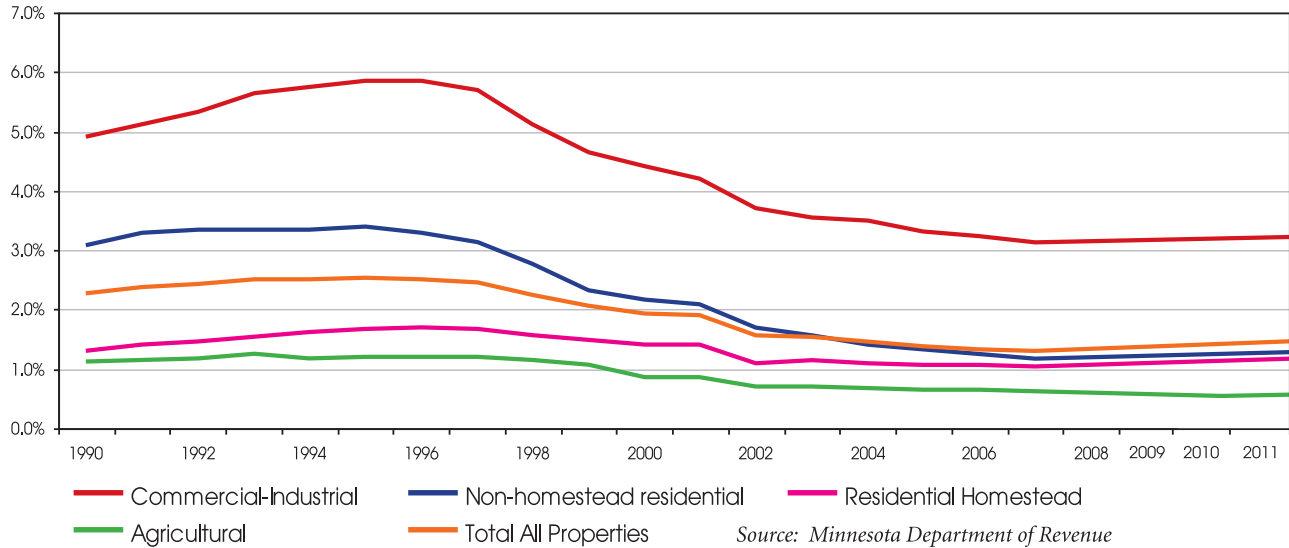
38%
Increase
Since 2002

Source: Minnesota Department of Revenue

EFFECTIVE TAX RATES

—taxes payable as a percentage of market value—have actually been lowered for every class of property since 2001.

But Minnesota's employers—the actual users of commercial and industrial space and the only source of future job growth for our state—continue to pay almost three dollars per \$100 of estimated market value, compared to homeowners' much smaller burden of just one dollar paid for the same value.



Many policymakers labor under the misconception that the owner of an office tower, a shopping center, or an industrial building with multiple tenants actually pays the property taxes. In fact, each tenant business in these buildings pays its own pro rata share of both local and statewide general property taxes, along with all other operating expenses.

The property tax is the one tax that every private sector business and employer must pay—large or small, profitable or not, whether they lease space or own the building they occupy—a fixed cost over which they have absolutely no control.

There is little or no relationship between a building's market value and the size of the businesses that occupy space and pay the taxes. In fact, many relatively small businesses—in terms of sales or number of employees—are located in large, high valued, highly taxed towers or suburban office parks.

Housing Minnesota's businesses is *our* business.

We thank them for their loyalty and commitment to our state. A more stable, predictable and friendly business environment will enable them to grow and thrive.