

State General Levy

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Property Tax Fact Sheet 8

Fact Sheet

Background

During the 2001 legislative session, Minnesota enacted the first state property levy since taxes payable in 1967. The tax is only on certain properties and was enacted as part of a property tax reform law. Revenue from the tax is deposited in the state general fund.

Is my property affected by the state general tax?

In general, there are three types of property that must pay the state general tax:

1. Commercial-industrial properties: class 3 commercial, industrial, and public utility property exclusive of electric generating machinery and class 5(1) unmined iron ore property.
2. Seasonal residential recreational properties: classes 4c(1) and 4c(12), and tier III (over \$2.2 million in value) of class 1c “ma and pa” resorts.
3. Class 4c(3)(ii) property: property owned by a non-profit community service oriented organization. (Pays state general tax at the seasonal recreational rate.)

The above classes are defined in law and can be found in Minnesota Statutes, Section 273.13.

Please note that real, personal and manufactured home property classed as commercial/industrial, public utility, seasonal residential recreational or mineral are subject to the state general tax.

How much is the tax?

There are various factors that will determine how much tax you pay. Some of the factors are the market value and type (class) of property you have and the state tax rate.

Generally speaking, the higher the value of your property, the greater the state tax. However, the taxes on a noncommercial cabin are calculated a little differently than taxes on other affected properties. The first \$76,000 in market value of a cabin will be taxed differently for state property tax purposes than it is for local property tax purposes. For example, if you have a cabin valued at \$100,000, only 40 percent of the first \$76,000 of market value would be subject to the new tax and the remaining \$24,000 would be taxed at its full value.

A law change in 2005 required that ninety-five percent of the state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and five percent of the state general tax must be levied by applying a uniform rate to all seasonal residential recreational tax capacity.

By October 1 each year, the Commissioner of Revenue shall certify the preliminary state general levy rates to each county auditor for use in preparing truth in taxation notices for taxes payable the following year. By January 1 of each year, the Commissioner of Revenue shall certify the final state general levy rates to each county auditor for calculating final tax amounts on property statements. The final commercial-industrial state general tax rate for taxes payable 2014 is 52.160%. The final seasonal residential recreational state general tax rate for taxes payable in 2014 is 22.836%.

For the first year in 2002, the state general levy amount was \$592 million. Under current law each subsequent year’s amount will be increased from the previous year’s amount by using the increase in the implicit price deflator for government consumption expenditures and gross investments published by the U.S. Bureau of Economic Analysis. This is basically an index of inflation. For taxes payable in 2014, the state levy amount for commercial-industrial properties is \$806,211,333. The state levy amount for seasonal residential recreational properties is \$42,631,928.

What is the tax for?

The state property tax is included in your property tax statement and will be paid to the county treasurer along with your local property taxes. Separate payments are not to be made. The county treasurer forwards the state tax to the Department of Revenue.

Unlike other property taxes, the money raised from the state general tax will not go directly to local governments (i.e. counties, cities, school districts, etc.) even though it will be collected with local property taxes. Instead, money raised by the tax will be deposited in the state general fund.