

How Are Property Taxes Determined?



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Tax Capacity



- Parcel's share of property taxes based on type of property and valuation.
- Essentially “tax base” of a local government.

Tax Capacity = Classification Rate x Market Value

Property Tax Levy



- Amount of taxes needed to operate each unit of local government (county, city/township, and school).
- Adopted by each entity's governing board.
- Entire levy will be collected regardless of property valuations.

Property Tax Levy = Anticipated Expenditures –
Non-Property Tax Revenue

Property Tax Rate



$$\text{Property Tax Rate} = \text{Levy} / \text{Total Tax Capacity}$$

“Total tax capacity” is the sum of each parcel’s tax capacity within the government’s boundaries.

Property Tax Formula



Property Tax = Parcel's Tax Capacity x Tax Rate

Referendum Market Value



- Voter approved levies (e.g. school bond issues).
- Additional property tax based on valuation, not tax capacity.
- Parcels with same value all pay the same tax regardless of classification.
- Only affects school district taxes in Isanti County.

Tax Statements



- Separate property taxes are calculated for each entity (county, city/township, or school district).
- All property taxes listed on one bill sent by the county.
- May include special assessments adopted by cities/townships.

“Truth in Taxation” Proposed Tax Notices



- Truth-in-taxation proposed tax statements will be mailed in mid to late November.
- Estimated tax amounts for each entity based on preliminary (proposed) levies.
- Do not include special assessments.
- Actual tax bills mailed in March 2016.

Sample Truth in Taxation Notice



Proposed Property Taxes and Meetings by Jurisdiction for Your Property

Contact Information	Meeting Information	Actual 2014	Proposed 2015	Percent Change
State General Tax	No public meeting	\$0.00	\$0.00	
ISANTI CO ADMINISTRATOR 763-689-3859 555 18TH AVE SW CAMBRIDGE MN 55008 Tel.: 763-689-3859 Web.: www.co.isanti.mn.us	ISANTI COUNTY BOARD ROOM 555 18TH AVE SW CAMBRIDGE, MN 55008 DECEMBER 3, 2014 7:00 PM	\$632.52	\$733.00	
CAMBRIDGE CITY HALL 300 3RD AVE NE CAMBRIDGE MN 55008 Tel.: 763-689-3211	CAMBRIDGE CITY HALL 300 3RD AVE NE CAMBRIDGE, MN 55008 DECEMBER 1, 2014 6:00 PM	\$873.57	\$984.27	
ISD 911 SCHOOL BOARD 625A MAIN ST N CAMBRIDGE MN 55008 Tel.: 763-689-6188	EDUCATION CENTER COMMUNITY ROOM 121 A & B 625A MAIN ST N CAMBRIDGE MN 55008 DECEMBER 18, 2014 7:00 PM	Voter approved levies Other local levies	\$265.09 \$258.47	\$291.39 \$424.78

Example of Taxing District



Levy Amount = \$6,000

Tax Rate = $\$6,000 / \$24,000 = 25\%$

	Type	Value	Tax Capacity	Tax
Parcel A	Residential	\$100,000	\$1,000	\$250
Parcel B	Residential	\$200,000	\$2,000	\$500
Parcel C	Residential	\$150,000	\$1,500	\$375
Parcel D	Residential	\$400,000	\$4,000	\$1,000
Parcel E	Commercial	\$812,500	\$15,500	\$3,875
Total			\$24,000	\$6,000

Scenario 1: Residential Values Increase 10%



Levy Amount = \$6,000

Tax Rate = \$6,000 / \$24,850 = 24.145%

	Type	Value	Tax Capacity	Tax	Change in Tax
Parcel A	Residential	\$110,000	\$1,100	\$266	+\$16
Parcel B	Residential	\$220,000	\$2,200	\$532	+\$32
Parcel C	Residential	\$165,000	\$1,650	\$398	+\$23
Parcel D	Residential	\$440,000	\$4,400	\$1,062	+\$62
Parcel E	Commercial	\$812,500	\$15,500	\$3,742	-\$133
Total			\$24,850	\$6,000	-

Scenario 2: Parcel A Value Increases 10%



Levy Amount = \$6,000

Tax Rate = \$6,000 / \$24,100 = 24.896%

	Type	Value	Tax Capacity	Tax	Change in Tax
Parcel A	Residential	\$110,000	\$1,100	\$274	+\$24
Parcel B	Residential	\$200,000	\$2,000	\$498	-\$2
Parcel C	Residential	\$150,000	\$1,500	\$374	-\$1
Parcel D	Residential	\$400,000	\$4,000	\$996	-\$4
Parcel E	Commercial	\$812,500	\$15,500	\$3,858	-\$17
Total			\$24,100	\$6,000	-

Scenario 3: Levy Increases



Levy Amount = \$8,000

Tax Rate = $\$8,000 / \$24,000 = 33.333\%$

	Type	Value	Tax Capacity	Tax	Change in Tax
Parcel A	Residential	\$100,000	\$1,000	\$334	+\$84
Parcel B	Residential	\$200,000	\$2,000	\$666	+\$166
Parcel C	Residential	\$150,000	\$1,500	\$500	+\$125
Parcel D	Residential	\$400,000	\$4,000	\$1,334	+\$334
Parcel E	Commercial	\$812,500	\$15,500	\$5,166	+\$1,291
Total			\$24,000	\$8,000	\$2,000

Scenario 4: New Construction



Levy Amount = \$6,000

Tax Rate = $\$6,000 / \$33,250 = 18.046\%$

	Type	Value	Tax Capacity	Tax	Change in Tax
Parcel A	Residential	\$100,000	\$1,000	\$180	-\$70
Parcel B	Residential	\$200,000	\$2,000	\$360	-\$140
Parcel C	Residential	\$150,000	\$1,500	\$270	-\$105
Parcel D	Residential	\$400,000	\$4,000	\$722	-\$278
Parcel E	Commercial	\$812,500	\$15,500	\$2,798	-\$1,077
Parcel F	Commercial	\$500,000	\$9,250	\$1,670	+\$1,670
Total			\$33,250	\$6,000	-

Variables in Property Tax Calculation



- School district.
- Township or city.
- Valuation changes including new construction.
- Classification (use) of property.

Total Taxes on a \$150,000 Home in...



- City of Isanti = \$2,612
- Spencer Brook Township, ISD 911 = \$2,098
- Spencer Brook Township, ISD 15 = \$1,795

Property Tax Calendar – Payable 2016



	2015	2016
January	Assessment date (January 2)	
February		
March	Valuation notices mailed	Tax statements mailed
April	Local board of appeal meetings	
May		1 st half taxes due
June	County board of appeal meeting	
July		
August		
September	Preliminary levies adopted	
October		2 nd half taxes due
November	Proposed tax notices mailed	
December	Final levies adopted	

Key Points to Consider



- State of Minnesota sets the property tax formula, process, and timelines.
- Assessment process is independent of the levy-setting process.
- Property taxes can vary from year to year for many reasons.
- Your situation is different than your neighbor's.

What Factors Can Impact Your Property Tax Bill?



- Change in value of your property.
- Change in value of other properties.
- Change in local government levy amounts.
- Special assessments.
- Voter approved referendums.
- Change in state property tax laws or classification rates.

Who To Contact with Questions:



- **Contact County Assessor for questions related to...**
 - Valuation
 - Classification of property
 - Homestead applications

- **Contact County Auditor-Treasurer for questions related to...**
 - Calculation of property taxes
 - Payment of property taxes

Who To Contact with Questions:



- Contact your County Administrator, city, township or school district for questions related to...
 - Uses of property taxes
 - Budgets or property tax levies
 - Special assessments