

2012 Proposed Property Tax Notices: Frequently Asked Questions

Why are taxes going up while values are going down?

Several factors are impacting the changes you are seeing on the proposed property tax notices:

- Legislative change with the elimination of the homestead credit and replacement with the homestead value exclusion
- Spending decisions by local taxing jurisdictions

Factors affecting your property taxes that traditionally have the largest impacts include:

- Changes to the tax levy (amount of money requested from property taxes) made by the city, county, school district or special taxing districts
- Changes to the market value of your property
- Changes in the market values for the area or a particular type of property
- Legislative changes to the property classification rates, state aid formulas and other tax laws
- Legislative unfunded mandates (usually seen as an increase in local government tax levy)
- New taxes approved by referendum

Click **here** to view levy amounts for 2012 and prior years.
(<http://www.co.ramsey.mn.us/prr/TaxRateCalc.htm>).

I heard the homestead credit is going away. What does this mean?

Two excellent resources that provide information on the homestead market value exclusion are listed below:

1. Minnesota Public Radio put together a short, helpful video explaining Homestead Market Value Credit and Homestead Market Value Exclusion changes. The 3 minute video can be found on **MPR's website** (<http://minnesota.publicradio.org/display/web/2011/10/25/video-property-taxes-increase/>).
2. The Minnesota Department of Revenue has also put together a more detailed document explaining the change. It is called: **Understanding Recent Changes in Homestead Benefits for Property Tax Purposes** (<http://taxes.state.mn.us/property/Documents/hmve-taxpayers.pdf>).

The **insert** included with your mailed Proposed Property Tax Notice highlights the homestead market value exclusion changes and addresses how your property value can go down but your taxes go up.

With the new Homestead Market Value Exclusion, do I need to file for homestead?

Yes. In order to get either the exclusion or the property tax refund, you have to file for homestead.

My property is already homesteaded. With the new Homestead Market Value Exclusion, do I need to re-file for homestead?

No. You will not need to re-file for homestead if your property is already homesteaded.

Who determines your property tax?

There are three entities that have a role in determining your property tax. The State Legislature establishes property classes and class rates, determines levels of state aid to local units of government, sets the state general tax rate and mandates unfunded programs to local government. Local units of government determine their tax levy amount. The county assessor assigns each property a market value and property classification as provided by state statute. The property tax is the result of actions taken by all three entities.

If property values are increasing, does this mean more tax dollars for governmental units?

No. Governmental units must set a tax levy each year. A tax levy is the amount of money that the local government wants to collect from property taxes. Increasing the tax levy is the only way that a governmental unit will receive more property tax dollars. If a local government doesn't increase its levy, property owners may still see increases in property taxes for that local government if their values are increasing faster than other property while other property owners are seeing tax decreases.