



# EXTRA! EXTRA!

Have you heard the news?

## MINNESOTA HAS AN “EXTRA” PROPERTY TAX

People often say the property tax is the most complicated of all taxes. But one thing we assume about property taxes - the taxes are used for our local services.

**Well, it's not that simple in Minnesota.**

Here, business pays an extra property tax. It doesn't stay in our communities, but instead it gets sent to the State of Minnesota, where it adds to the existing state budget surplus and the nearly \$38 billion in annual spending.

### Want to learn more?

Here are the facts about Minnesota's extra property tax:

**Fact #1** - The average business in Minnesota pays more to the State of Minnesota in property taxes than it pays separately to any of our local governments - schools, townships, cities or counties.

**Fact #2** - Businesses in the metropolitan area pay the 6th highest property taxes in the country - higher than Massachusetts, New Jersey and even California.

**Fact #3** - Because the tax is on auto-pilot, it increases each year. Soon, this tax will take \$1 billion every year out of our local economies. That's money that could be used for higher wages for workers or summer jobs for teens.

It's hard enough to create jobs without adding special taxes on our job creators. Let's reduce Minnesota's extra property tax and keep that money back home in our communities.

The Minnesota Department of Revenue reports that a reduction in the business property tax benefits workers and consumers far more than owners of businesses.

- 2015 Minnesota Tax Incidence Study

Since 2002, over \$10 billion has left our local communities to pay for Minnesota's extra property tax.

- Minnesota Management and Budget Office



Paid for by United for Jobs. For more information about Minnesota's extra property tax, go to [unitedforjobsmn.com](http://unitedforjobsmn.com)

# TAX RELIEF IN THE 2016 SESSION COSTS MATTER



## Business Property Taxes

The United for Jobs Coalition supports lowering the fixed cost of doing business in Minnesota and improving Minnesota's business competitiveness by removing the automatic tax inflator and by ultimately phasing out the statewide property tax levy.

### Minnesota Commercial Property Taxes are among highest in nation



#### THE STATEWIDE PROPERTY TAX

Only businesses and cabins are required to pay a state property tax in addition to their local property taxes. The state tax totals about 30% of a business total property tax bill. Businesses pay 95% of the \$856 million tax (2015) that was first imposed in 2002 at \$592 million (cabins pay the other 5%). This tax is automatically increased every year.

Minnesota businesses pay a much heavier tax burden than other properties:

- Businesses have 12.4% of the total property market value but pay 32% of the total property tax.
- Businesses have an effective tax rate of 3.88%, which is the highest among property types. For example, homes are 1.30% and farms are 0.53%.
- Businesses have the highest class rate of 2.0%.

Source: Minnesota House Research, Property Tax 401 Short Subjects

**IT'S A  
FACT!**

**This is a regressive tax paid by all Minnesota families. Business property taxes are ultimately paid by consumers in higher prices of goods, by employees through lower wages and by investors.**

Urge Legislators and the Governor to pass tax relief in 2016 session that will support job creators and reduce an uncompetitive regressive tax by enacting meaningful reduction in the state business property tax and by removing the automatic inflator.

## United for Jobs Coalition

Apple Valley Chamber of Commerce  
Associated Builders & Contractors  
Austin Area Chamber of Commerce  
Bemidji Area Chamber of Commerce  
Brainerd Lakes Chamber  
Builders Association of the Twin Cities  
Burnsville Chamber of Commerce  
Central Minnesota Manufacturers Association  
Dakota County Regional Chamber of Commerce  
Duluth Area Chamber of Commerce  
Eden Prairie Chamber of Commerce  
Elk River Area Chamber of Commerce  
Faribault Area Chamber of Commerce & Tourism  
Fergus Falls Area Chamber of Commerce  
Grand Rapids Area Chamber of Commerce  
Greater Minneapolis Building Owners and  
Managers Association  
Hastings Area Chamber of Commerce &  
Tourism Bureau  
Hibbing Area Chamber of Commerce  
I-94 West Chamber of Commerce  
Insurance Federation of Minnesota  
International Falls Area Chamber of Commerce  
Iron Mining Association of Minnesota  
Laurentian Chamber of Commerce  
Litchfield Chamber of Commerce  
Marshall Chamber of Commerce  
Metalcasters of Minnesota  
MetroNorth Chamber of Commerce  
Midwest Food Processors Association  
Minnesota Agri-Growth Council, Inc.  
Minnesota Association of REALTORS  
Minnesota Bankers Association  
Minnesota Beverage Association  
Minnesota Business Partnership  
Minnesota Cable Communication Association  
Minnesota Chamber of Commerce  
Minnesota Dental Association  
Minnesota Forest Industries  
Minnesota Grocers Association  
Minnesota Lodging Association  
Minnesota Mechanical Contractors Association  
Minnesota Milk Producers Association  
Minnesota Nursery & Landscape Association  
Minnesota Pork Producers Association  
Minnesota Precision Manufacturers Association  
Minnesota Resort and Campground Association  
Minnesota Restaurant Association  
Minnesota Retailers Association  
Minnesota Shopping Center Association  
Minnesota Society of CPAs  
Minnesota Trucking Association  
NAIOP, the Commercial Real Estate  
Development Association  
National Federation of Independent Business  
New Ulm Area Chamber of Commerce  
North Hennepin Area Chamber of Commerce  
Owatonna Area Chamber of Commerce & Tourism  
Printing Industry Midwest  
Redwood Area Chamber & Tourism  
River Heights Chamber of Commerce  
Rochester Chamber of Commerce  
St. Cloud Area Chamber of Commerce  
Shakopee Chamber & Visitors Bureau  
SouthWest Metro Chamber of Commerce  
Tri-State Manufacturing Association  
Twin Cities North Chamber of Commerce  
TwinWest Chamber of Commerce  
Waconia Chamber of Commerce  
Waseca Area Chamber of Commerce  
White Bear Area Chamber of Commerce  
Willmar Lakes Area Chamber of Commerce  
Winona Area Chamber of Commerce  
Worthington Area Chamber of Commerce

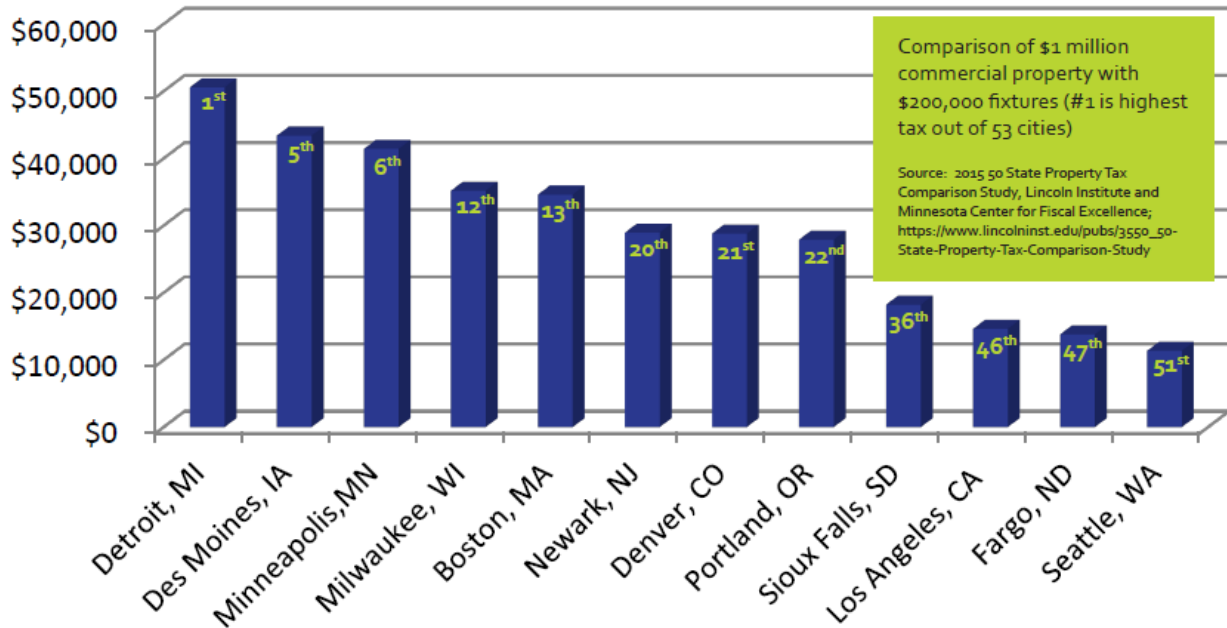
Help us build grassroots support. Share how high property taxes impact your company. Contact Jennifer Byers to schedule a legislator plant tour and/or testimonial at 651.292.4673 or [jbyers@mnchamber.com](mailto:jbyers@mnchamber.com).

# TAX RELIEF IN THE 2016 SESSION COSTS MATTER

## Business Property Taxes

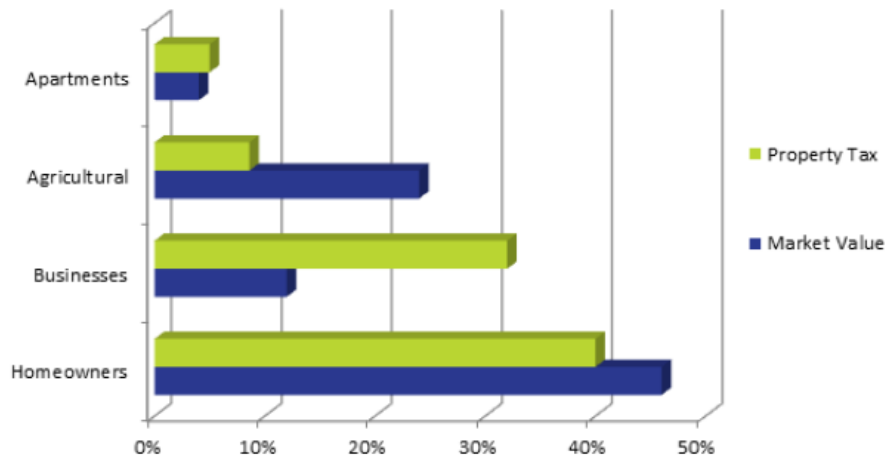


Business Property Tax comparison with other major metropolitan areas



### Minnesota businesses pay a greater share of property taxes

Businesses have 12% of market value but pay 32% of tax



Source: MN House Research Property Tax 101, [www.house.leg.state.mn.us/hrd/pubs/ss/ssptvart.pdf](http://www.house.leg.state.mn.us/hrd/pubs/ss/ssptvart.pdf)

## AMONG HIGHEST IN NATION

Business property taxes are over 90% above national average on some type of properties and over 200% higher than some neighboring states.

	MN Ranking	Market Value	Property Tax	% above nat'l avg.
Rural Commercial	7th highest	\$100,000	\$3,099	+52%
	2nd	\$1 million	\$39,356	+88%
	2nd	\$25 million	\$1,019,307	+93%
Rural Industrial	6th	\$1 million	\$39,356	+54%
	7th	\$25 million	\$1,019,307	+58%
Metro Commercial	15th	\$100,000	\$3,275	+30%
	6th	\$1 million	\$41,404	+60%
	6th	\$25 million	\$1,071,696	+63%
Metro Industrial	11th	\$1 million	\$41,401	+31%
	12th	\$25 million	\$1,071,696	+34%

Minnesota ranks 20th for median value homes out of 50 states and 22nd for apartments.