



S A I N T LOUIS COUNTY

M I N N E S O T A

Learn more about the new tax law change and the proposed 2012 St. Louis County Budget by visiting: www.stlouiscountymn.gov/budget

STATE PROPERTY TAX LAW CHANGE THE NEW "HOMESTEAD MARKET VALUE EXCLUSION" LAW IMPACTS TAXES

We want you to know...

As part of the plan to balance the state's budget and end the government shutdown this past summer, Minnesota lawmakers eliminated the Homestead Tax Credit. For many years, this program allowed home-owners to pay a reduced property tax to cities, counties, and school districts with the state making up the difference. This state tax decision is beyond the county's control. But, since your property taxes will be going up as a result, it is important that you are aware of the change.

The Homestead Credit was replaced with the Homestead Market Value Exclusion. This change will save the state \$261 million per year. However, Minnesota home-owners, apartment owners, and commercial property owners will be making up the difference. Specifically, with overall homestead taxable market values reduced (or excluded), other property types and homes of higher value must now pay a larger share of the total property tax bill.

Property tax law is complex, and the state is working on formulas to identify the financial impact for each property. However, it is clear that most property tax payers in St. Louis County can expect to pay more in 2012. Even if cities, counties, and school districts kept their property tax levies the same as last year, the tax law change will increase property taxes an average of 6.2 percent on all properties in St. Louis County.

The full impact on your property will be reflected in the Proposed Property Tax Statements for 2012, which the county mails out in mid-November.

Four reasons your taxes will increase...

- **State money is no longer reducing total taxes.** Eliminating the Homestead Credit saves the State \$261 million per year, but this amount will now be paid by local property tax payers.
- **The reduction in taxable value of homestead property increases tax rates.** With total taxable value reduced by the exclusion, collecting the same amount of property tax as the prior year requires a higher tax rate.
- **The reduction in taxable property value shifts the burdens of who pays.** With overall homestead values reduced, other property types and homes with higher values must now pay a larger share of the total property tax bill.
- **The exclusion provides less benefit to most properties than the Homestead Credit.** The new exclusion law may not be enough to offset the increases in tax rates and the elimination of the homestead credit.

Even if cities, counties,
and school districts
keep their property tax levies
the same as last year,
the change will increase
property taxes...

To learn more about this tax law change...

If you would like more details regarding this new state change in tax law, you are encouraged to visit the St. Louis County website at this address: www.stlouiscountymn.gov/budget This page is regularly updated, as more information on the change becomes available.

You are also welcome to contact St. Louis County by e-mail if you have further questions: budget@stlouiscountymn.gov