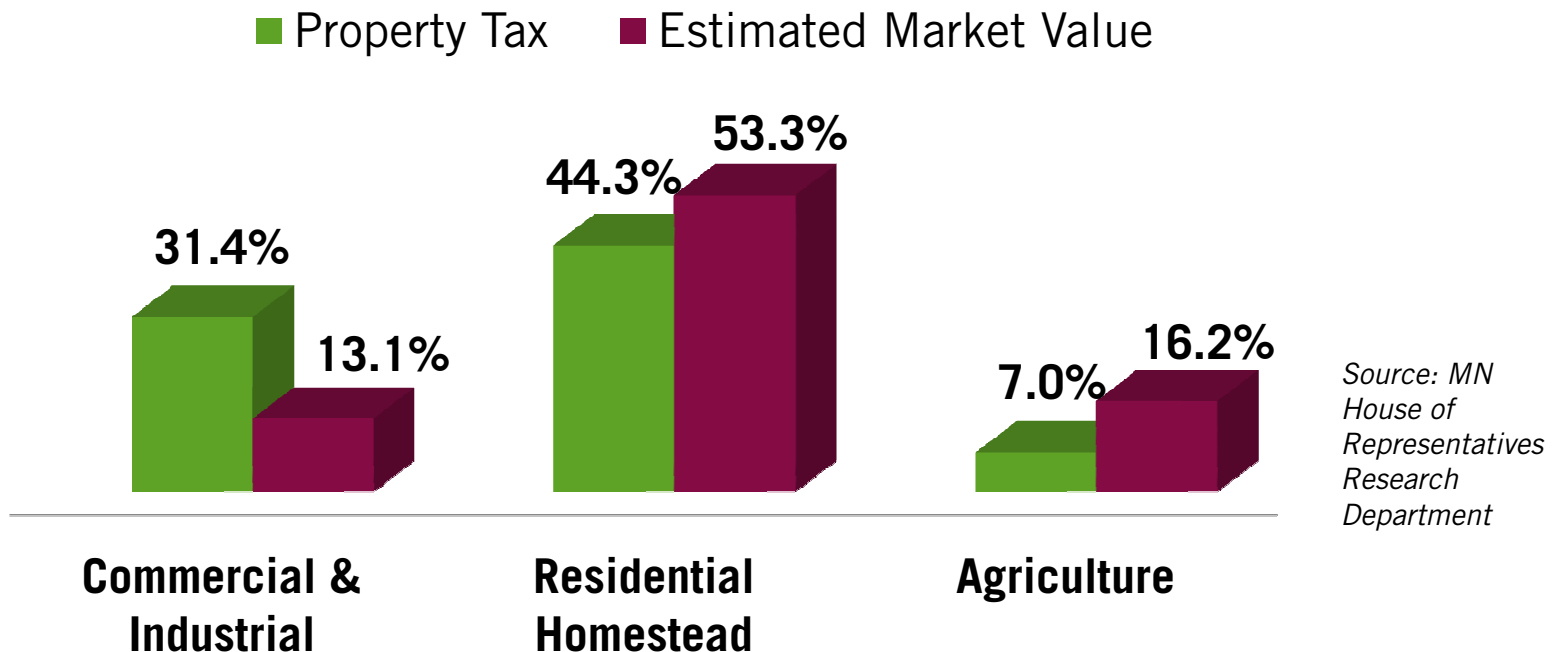


Classification System



- Property assigned a class rate according to property use
- There are five “main” property classifications: residential homestead, agriculture land, C/I and utility, rental housing, and un-mined iron ore and unimproved property
- At 56, Minnesota has more class rates than any other state
- Class rates determined by the state legislature
- Class rates are designed so some properties subsidize other properties resulting in a shift of the property tax burden within a jurisdiction

Classification System Shifts Property Tax Burden to Business Properties



Business property owners and their tenants **paid 31.4%** of all local property taxes collected...but in 2010 only **represented 13.1%** of statewide market value

The Impact of the Classification System

The impact of the classification system on *property taxes* paid by a property value of \$200,000 within the same taxing jurisdiction

