WELCOME TO ROSEVILLE UNIVERSITY

Property Tax 101

May 28, 2015

Tonight’s Syllabus

- Section 1: General overview of your property tax bill
- Section 2: Discussion on how property values are calculated
- Section 3: How your City property taxes are determined
- Section 4: Comparison of Roseville taxes vs. other cities

Property Tax 101: Understanding Your City Property Tax Bill

Section 1: General Overview of Your Property Tax Bill

- The property tax bill includes taxes for multiple governmental units including: city, county, school, & others
- Each governmental unit establishes its own property tax needs
  a) Questions regarding school taxes? Contact the school district
  b) Questions regarding county taxes? Contact the county
- Ramsey County establishes your property's market value
  a) Questions regarding your property's value? Contact ????

Section 1: General Overview of Your Property Tax Bill

- What are the differences between Market Value, Homestead Exclusion, & Taxable Market Value?
- Property types (Homestead, Non-Homestead, Commercial, etc.)
- Refund programs (www.state.revenue.mn.us)
  a) Under the 'For Individuals' section, click on 'Property Tax Refund'

Property Tax 101: Understanding Your City Property Tax Bill

Section 1: General Overview of Your Property Tax Bill

- Where do I find my property tax information?
  a) www.co.ramsey.mn.us
  b) Click on ‘Property Info & Taxes’ link located on the left-hand side
  c) Then click on ‘Property Tax & Value-Free’ link
  d) Enter House # and Street Name

Property Tax 101: Understanding Your City Property Tax Bill

<u>Section 1: General Overview of Your Property Tax Bill</u>

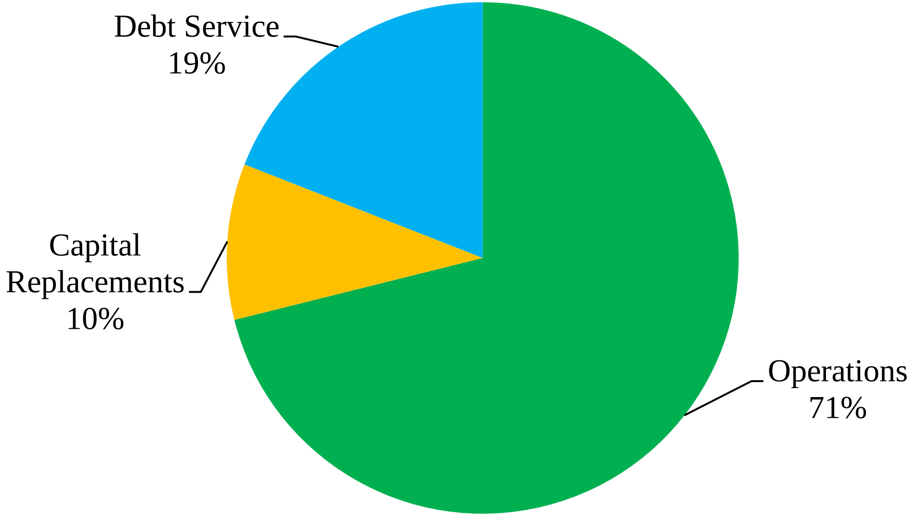
- How are my property taxes spent?
  a) Police & Fire
  b) Streets & pathways
  c) Park shelters, athletic fields & courts, playground structures, OVAL, etc.
- The median valued single-family home pays $70 per month in property taxes

Property Tax 101: Understanding Your City Property Tax Bill

Section 1: General Overview of Your Property Tax Bill

Tax Levy

by Category

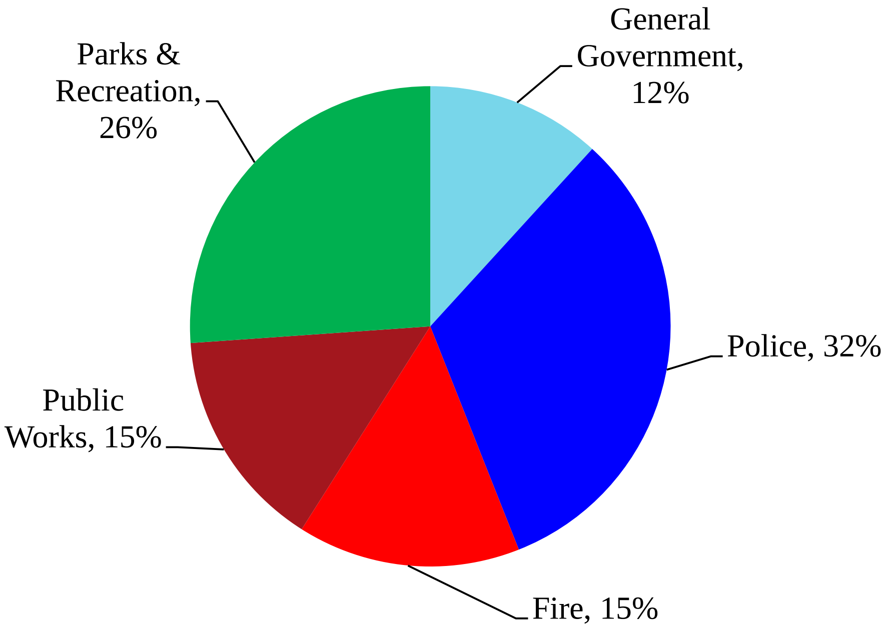


Property Tax 101: Understanding Your City Property Tax Bill

Section 1: General Overview of Your Property Tax Bill

Tax Levy

by Function



Property Tax 101: Understanding Your City Property Tax Bill

Section 1: General Overview of Your Property Tax Bill

- Before we move on to Section 2 . . . Any Questions?

Property Tax 101: Understanding Your City Property Tax Bill

Section 2: Discussion on how property values are calculated

- Property values are determined by the Ramsey County Assessor's Office www.co.ramsey.mn.us/prr/assessor/index.htm
- The County must follow established standards set by MN State Statutes and the MN Department of Revenue
- Generally, the assessed market value of your property approximates the expected selling price in the current market
- However . . . There is a timing lag of 1+ years to catchup to known factors

Section 2: Discussion on how property values are calculated

- For new homes, the estimated sales price is generally based on the cost of new construction
- For older homes, the estimated sales price is based on recent sales for *similar* properties in *similar* neighborhoods
- These criteria apply only to sales from 'normal' buyer and seller activity and excludes foreclosures, short sales, & sales between related parties (i.e. relatives or friends)

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Section 2: Discussion on how property values are calculated

- An in-person, on-site review is made at least every 5 years
- Homeowners are notified of their assessed market value every year in the early Spring (your Valuation Notice)
- You have the opportunity to contest your valuation

Property Tax 101: Understanding Your City Property Tax Bill

<u>Section 2: Discussion on how property values are calculated</u>

- Before we move on to Section 3 . . . Any Questions?

Section 3: How your City Taxes are Determined

- State of Minnesota Property Tax System
  a) Ensures that higher valued property pays more than lower
  b) Ensures that properties associated with income production (commercial) pay more than others (residential)
  c) Tax relief programs are available at www.state.revenue.mn.us

Section 3: How your City Taxes are Determined

- Change in your property value (+ or -)
- Change in all other property values in the City (+ or -)
- Change in City's tax levy (+ or -)
- Oftentimes depends on the *relative* change in values and tax levy

Property Tax 101: Understanding Your City Property Tax Bill

Section 3: How your City Taxes are Determined

Example #1: City Services = $1, and there is 1 home to pay for those services

Home Pays = ??   Answer: $1

Section 3: How your City Taxes are Determined

Example #2: City Services = $1, and there are 2 homes with the same value

Home #1 Pays = ??

Answer: each home pays $0.50 cents

Home #2 Pays = ??

Section 3: How your City Taxes are Determined

- What have we learned?
- Taxes (service burden) are distributed to all properties
- Holding all other factors constant, the more homes there are . . . the less taxes each home has to pay
- Or more accurately . . . The more collective tax base we have (homes, retail, office, etc.) . . . The lower the tax burden on individual property owners

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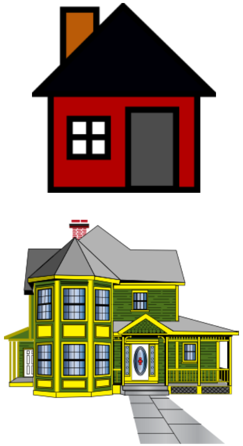
<u>Section 3: How your City Taxes are Determined</u>

Example #3: City Services = $1, and there are 2 homes of *varying* value



Home #1 Pays = ??

Home #2 Pays = ??

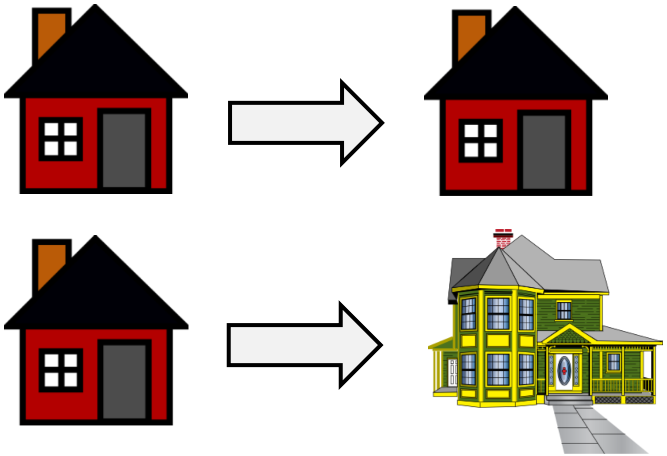
Answer: home #1 might pay $0.25 cents; home #2 pays $0.75 cents

Section 3: How your City Taxes are Determined

- What have we learned?
- Remember . . . under the State’s property tax system, higher valued homes pay more taxes than lower ones

Section 3: How your City Taxes are Determined

Example #4: City Services = $1, and there are 2 homes to pay for those services. The value of home #1 stayed the same, but home #2 increased



Home #1 Pays = ??

Home #2 Pays = ??

Answer: home #1 went from $0.50 to $0.25 cents; home #2 went from $0.50 to $0.75 cents

Section 3: How your City Taxes are Determined

- What have we learned?
- Your property taxes can go down even if your property value remains the same . . . because other properties went up
- This impact works in reverse as well!

Section 3: How your City Taxes are Determined

- Final Determinant . . . City tax levy
- City tax levy is set by the City Council based on:
  a) Citizen/Stakeholder input
  b) Long-term goals, aspirations, and budget priorities
  c) Debt payment and other legal obligations
  d) Capital replacement needs
  e) Operational needs

Property Tax 101: Understanding Your City Property Tax Bill

<u>Section 3: How your City Taxes are Determined</u>

- How can citizens get involved?
- If asked to take a City survey . . . Do it!
- Attend Council budget discussions. Key dates include:
  a) June 15th (Council Budget Goals and Priority-setting)
  b) July 13th (City Manager Recommended Budget)
  c) August 10th (Budget hearing)
  d) September 14th (Preliminary Budget adoption)

Section 3: How your City Taxes are Determined

- Before we move on to Section 4 . . . Any Questions?

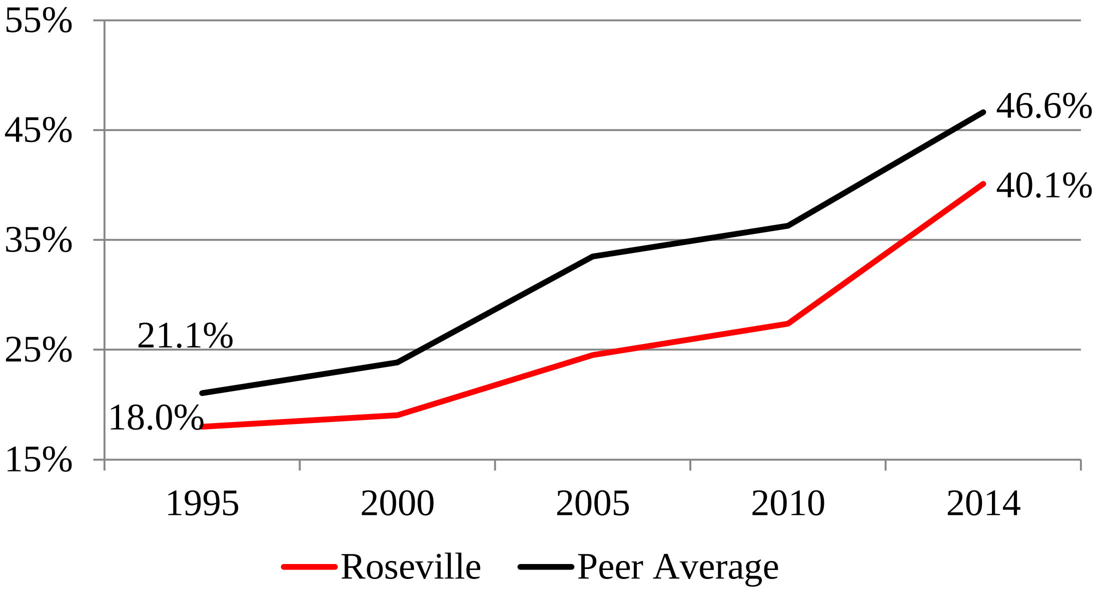
Section 4: Tax Comparison – Roseville vs. Peer Cities

- Who are our peer cities?
  a) 1st ring suburbs? Adjacent cities?
- For tax comparison purposes, we use metro area cities with similar populations because . . .
  a) They *generally* provide similar programs and services
  b) They *generally* have similar infrastructure needs
  c) They *generally* have similar citizen expectations

Property Tax 101: Understanding Your City Property Tax Bill

Section 4: Tax Comparison – Roseville vs. Peer Cities

City Tax rate Comparison: 10,000 pop. or greater in metro area



Property Tax 101: Understanding Your City Property Tax Bill

Section 4: Tax Comparison – Roseville vs. Peer Cities

City Tax rate Comparison: 25,000 – 50,000 pop. in metro area

Municipality	City Taxes *
Brooklyn Center	$ 1,594
Richfield	1,386
Savage	1,189
Fridley	1,044
Maplewood	1,040
Inver Grove Heights	1,002
Cottage Grove	938
Andover	932
Shakopee	891
Oakdale	886
Roseville	**863**
Shoreview	806

* Based on a home valued at $215,000

Section 4: Tax Comparison – Roseville vs. Peer Cities

- Caution! When making peer city comparisons
  a) Cities can establish different levels of service (i.e. police & fire response times, street condition preferences, etc.)
  b) Establishing unique or distinguishing amenities such as a community center or aquatic center requires *added* investment that may not be present in other cities
  c) Local economic and income strength determines your financial capacity to fund city services. Cities will elect to use varying amounts of that capacity

Section 4: Tax Comparison – Roseville vs. Peer Cities

- Any questions?

Next Roseville U Sessions

May 28 - Police Department 6:30pm – 8:30pm

Identity Theft & Fraud; Substance Abuse

June 4 - Police Department 6:30pm – 8:30pm

K9 Teams on the Job

Thank You!

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