

TRUTH IN TAXATION FREQUENTLY ASKED QUESTIONS

WHAT HAPPENS AT THE "TRUTH IN TAXATION" MEETINGS?

There will be a Public Hearing at the meeting where the City Council will hear from residents who wish to speak regarding their property taxes. All other entities, such as Hennepin County, and the Minnetonka School District, will hold separate meetings on different dates as listed on your property tax notice.

WHAT FACTORS AFFECT YOUR PROPERTY TAXES?

There are a number of items that affect your property taxes. The following are those that traditionally have the largest impacts:

- Changes to the tax levy (amount of money requested from property taxes) made by the city, county, school district or other 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.

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 amount of homestead credit, sets the state general tax rate and mandates unfunded programs to local government.
- The City determines the tax levy amount.
- The City assessor assigns each property a market value and property classification as provided by state statute.

IF PROPERTY VALUES ARE INCREASING, DOES THIS MEAN MORE TAX DOLLARS FOR THE CITY?

No. The City sets a tax levy each year. A tax levy is the amount of money that the City collects from property taxes to use for City services such as snow plowing and street improvements. Increasing the tax levy is the only way that the City receives more property tax dollars. If the City doesn't increase its levy, property owners may still see increases in property taxes for the City if their values are increasing faster than other property while other property owners are seeing tax decreases.

IS IT LIKELY THAT THE AMOUNT ON THE PROPERTY TAX NOTICE WILL BE DIFFERENT THAN THE AMOUNT ON MY TAX STATEMENT?

Yes, it is likely they will differ. The property tax notice is an estimate. They may differ for any of the following reasons:

- Referendums could pass, increasing your tax.
- Property owners can file for homestead classification if they own and occupy their homes by December 1.
- Taxing jurisdictions can lower their tax levy.
- Although not a tax, special assessments and other charges may be billed on the tax statement.

THE PROPERTY OWNERS IN THE MINNETONKA SCHOOL DISTRICT VOTED TO APPROVE TWO REFERENDUMS AT THE NOVEMBER GENERAL ELECTION. IS THE TAX INCREASE REFLECTED ON THE PROPERTY TAX NOTICE?

No. The notices are only based on levies prior to the referendum election. The school district mailed all properties a notice detailing the tax impact of the passage of the measures. You need only add the appropriate amount from the notice to the amount on the property tax notice to get your estimated taxes.

SOURCE: League of Minnesota Cities