

COSTS MATTER

TAX RELIEF IN THE 2017 SESSION

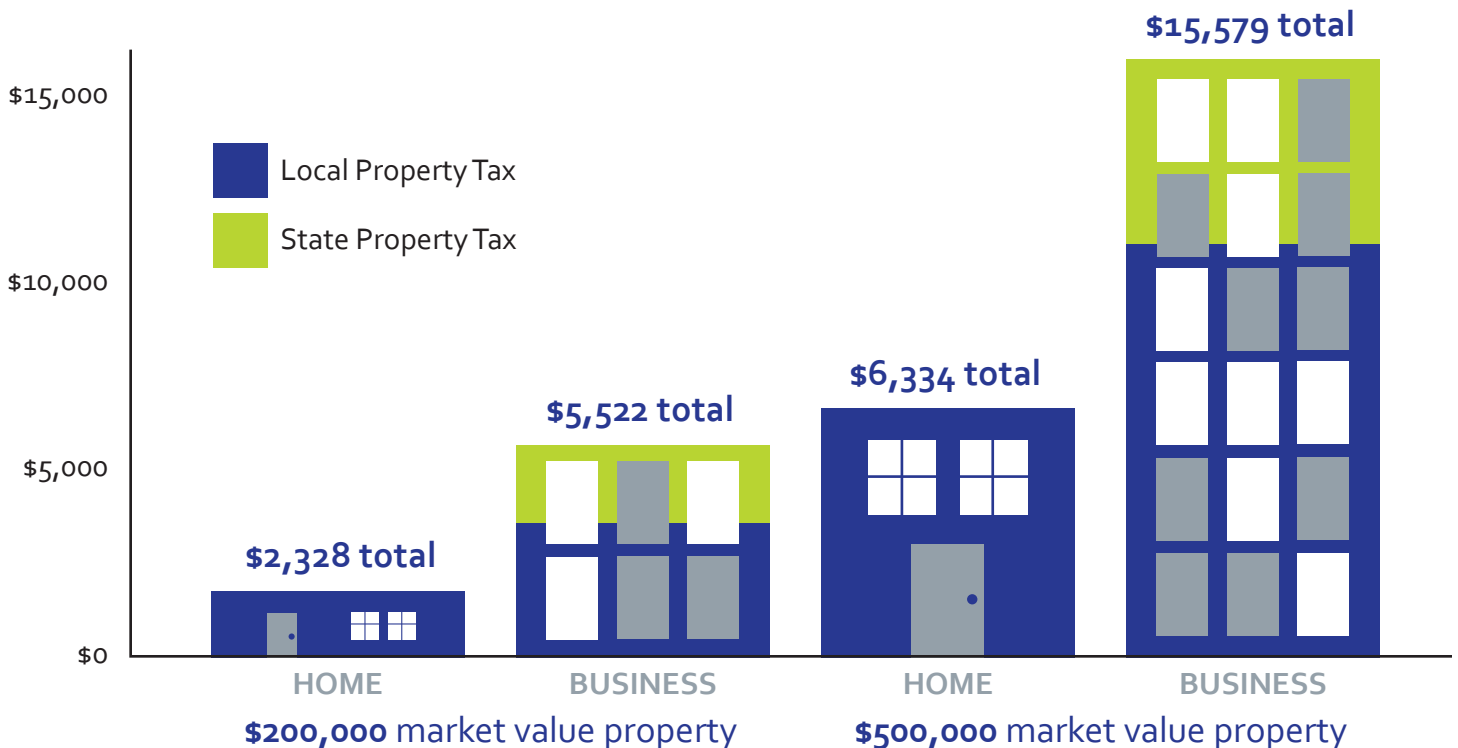


BUSINESS PROPERTY TAXES

The facts:

- Like homeowners, businesses pay local property taxes to school, city, county.
- Unlike homeowners, businesses also pay a statewide business property tax which represents about 30 percent of their total property tax bill.
- All businesses pay this fixed cost – all sizes, all locations, whether they own or lease property, and regardless of whether they post a profit or record a loss. Most leases require tenants to pay property tax.
- Minnesota business property taxes are No. 2 in the nation for rural commercial properties, No. 7 for metro properties.
- Reducing the statewide property tax will not affect the taxes that businesses pay to local governments.
 - Businesses will still carry the biggest local property tax burden as will pay over 60% more than homeowners for local property taxes .
- Reducing the statewide property tax will not shift any taxes to homeowners as this tax is assessed only against businesses and cabins.
- Minnesota is the only state that singles out business properties for this extra tax and only 10 states assess a statewide tax against all properties.
 - Levy began in 2002, collecting about \$585 million. In 2016, it collected \$863 million. Tax increases automatically, increasing by about 40 million per year.

Reduce the **EXTRA** state property taxes in 2017 Session to help strengthen Minnesota's economy



\$200,000 business pays total \$5,522 statewide average property tax (\$3,870 local and \$1,652 state)
 \$500,000 business pays total \$15,579 statewide average property tax (10,876 local and \$4,703 state)

The \$1.4 billion projected state budget surplus provides an excellent opportunity to enact strategic tax relief that will best position Minnesota for a strong economic future.

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Minnesota ranks in the top 10 in nearly every business cost category in the nation

Minnesota Business Barometer Survey regularly identifies taxes as the top barrier for expanding in Minnesota

Minnesota Commercial Property Taxes
are among highest in the nation



Source: 50 State Property Tax Study, MN Center for Fiscal Excellence June 2016

- o The taxes exceed some of our neighboring states by as much as 200%
- o For some properties, the taxes exceed the national average by more than 90%

Pass tax relief in 2017 session that will support job creators and reduce an uncompetitive regressive tax by lowering the state business property tax and by removing the automatic inflator.

For additional information:
www.unitedforjobs.com

