



**Minneapolis**  
**Park & Recreation Board**

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# 2020 Budget Retreat

## May 14, 2019

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# Maximum Property Tax Levy



**Minneapolis**  
**Park & Recreation Board**

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# Board of Estimate & Taxation

In 1919 an act of the State Legislature created the Board of Estimate Taxation in the City of Minneapolis

- Membership - the Board consists of six members:
  - Mayor or designate
  - City Council President
  - Chairperson of the Ways and Means/Budget Committee
  - Park and Recreation Board Commissioner
  - Two members elected city-wide for four-year terms

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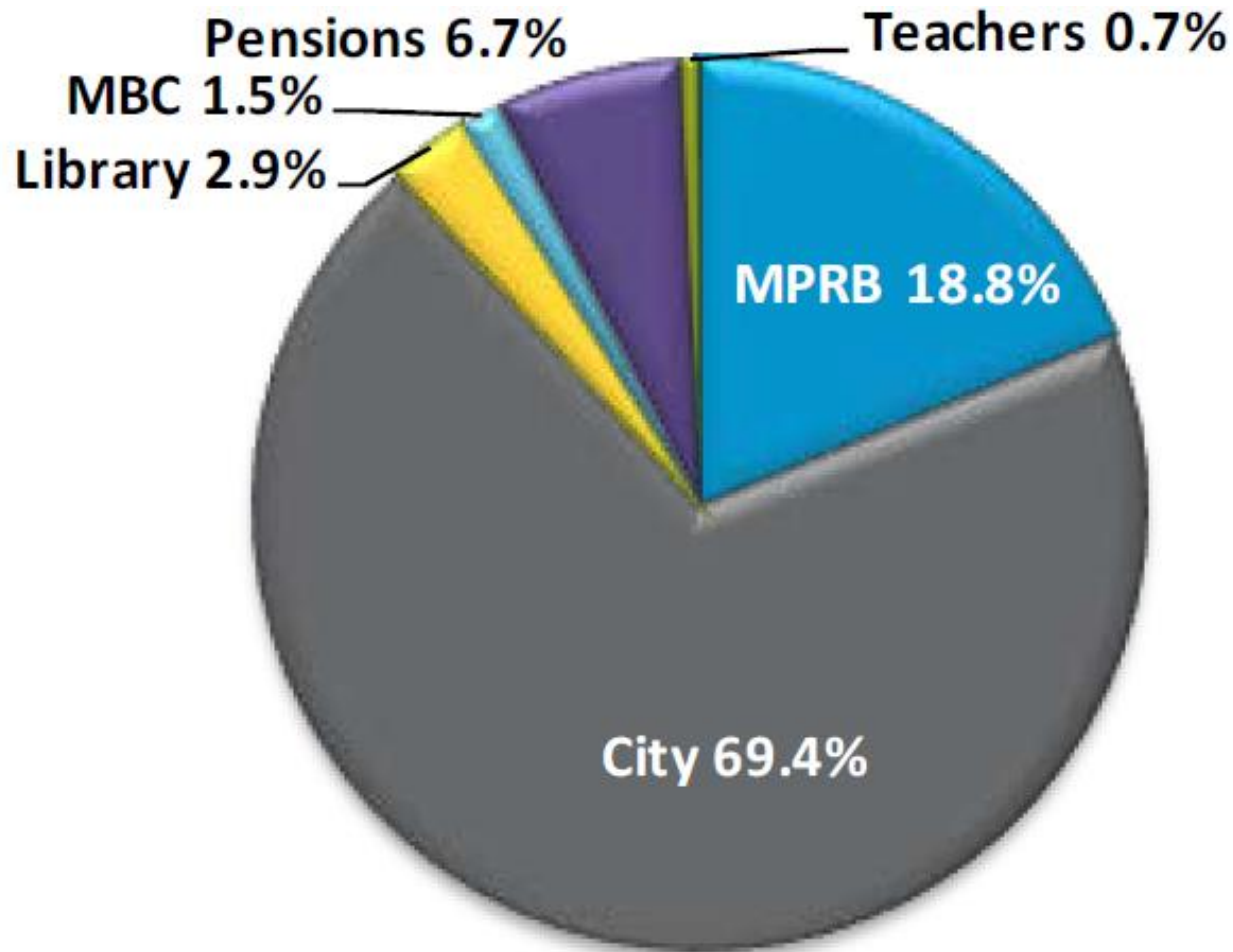
# Board of Estimate & Taxation

- As required by State Law, the Board of Estimate and Taxation sets the maximum property tax levy for the City of Minneapolis, Minneapolis Park and Recreation Board, Municipal Building Commission, and Public Housing Authority
  - The MPRB by resolution requests annually the property tax levy maximum amount that the Board of Estimate and Taxation should set for the MPRB
  - A public hearing is held to obtain citizen input regarding the setting of the maximum property tax increase
  - The Board sets the maximum annual property tax levy increase on or before September 30 of each year for the next budget year
- The Board is also entrusted to incur indebtedness for municipal purposes on request of the City Council
  - Issues and sells General Obligation Bonds in support of the Capital Program (excluding Tax Increment Bonds)
  - Without the Board of Estimate and Taxation the City would have to go to the State Legislature for approval to issue bonds

# 2019 City of Minneapolis Tax Levies

<b>Property Tax</b>	<b>2018</b>	<b>2019</b>	<b>Change</b>
General Fund	189,452,884	201,345,000	6.28%
Minneapolis Park Board	62,201,719	65,740,000	5.69%
Bond Redemption	39,350,000	41,510,000	5.49%
Pensions	22,310,000	23,310,000	4.48%
Municipal Building Commission	5,102,929	5,256,000	3.00%
Board of Estimate and Taxation	190,000	210,000	10.53%
Teacher's Retirement Association	2,300,000	2,300,000	0.00%
Library / Downtown Office Debt Service	10,300,000	10,300,000	0.00%
<b>Total Property Taxes</b>	<b>331,207,532</b>	<b>349,971,000</b>	<b>5.67%</b>

# Property Tax Allocation by Area



# Property Taxes

## Estimated 2019 Property Taxes paid by Minneapolis Residents

Parks 7¢



City 32¢



Schools 27¢



County 28¢



Other 5¢



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# Property Taxes

## **Property Taxes on Individual Properties**

Several factors beyond the change in amount levied affect the annual change in property tax owed on a particular property. Each of these variables may change on a yearly basis, occasionally resulting in sizeable changes in the amounts of property taxes assessed to any one property.

- tax base composition within property classifications
- tax rate of the jurisdiction
- growth or decline in the value of other properties within the jurisdiction
- properties placed in tax increment financing districts
- improvements to a property



# Estimated impacts of the 2019 - 5.67% property tax increase

## Non-Homestead Residential

<u>Market Value</u>	<u>Tax in 2018</u>	<u>Tax in 2019</u>	<u>Change</u>	<u>% Change</u>
183,500	1,029	1,085	57	5.5%
249,000	1,396	1,472	76	5.5%
346,500	1,918	2,049	131	6.8%

Assumes lower value residential property market value increase by 10.2% and higher value increase by 11.6%

## Homestead Residential

<u>Market Value</u>	<u>Tax in 2018</u>	<u>Tax in 2019</u>	<u>Change</u>	<u>% Change</u>
183,500	896	967	71	7.9%
249,000	1,295	1,388	92	7.1%
346,500	1,863	2,014	152	8.1%

Assumes lower value residential property market value increase by 10.2% and higher value increase by 11.6%

## Apartment

<u>Market Value</u>	<u>Tax in 2018</u>	<u>Tax in 2019</u>	<u>Change</u>	<u>% Change</u>
667,000	4,447	4,897	450	10.1%
5,000,000	33,339	36,712	3,373	10.1%

Assumes median apartment property market value increase by 15% (not including new construction value)

## Commercial

<u>Market Value</u>	<u>Tax in 2018</u>	<u>Tax in 2019</u>	<u>Change</u>	<u>% Change</u>
375,400	2,589	2,701	112	4.3%
5,000,000	38,232	39,565	1,333	3.5%

Assumes median commercial property market value increase by 8% (not including new construction value)

# Maximum Property Tax – Current Service Level

Minneapolis Park & Recreation Board Total Certified Property Tax Levy				
Current Service Level Increase				
	2019 Adopted	2020 Projected	Change	% Change
Minneapolis Park Board	63,935,000	69,056,000	5,121,000	8.0%
Tree Preservation & Reforestation	1,805,000	1,878,000	73,000	4.0%
Park Board Total	65,740,000	70,934,000	5,194,000	7.9%

- \$70.9 million property tax levy maintains current service levels
- The \$5.2 million, 7.9% increase in Park Board property taxes is a 1.5% increase on total City of Minneapolis property taxes.
- Every 1 percent increase in Park Board Property Taxes generates \$650,800 for the Park Board, and increases the average homeowners (\$266,000 median value) property taxes by approximately \$2.80 per year.