



JOURNAL

A Public Policy Monthly from the Citizens League



Slowdown in market value increases effective tax rates

More property owners in the Twin Cities metropolitan area and in Greater Minnesota pay a higher proportion of their property value in taxes

by Bob DeBoer

In 2007, when municipalities and other taxing authorities certified home market values for the 2008 property tax, the current mortgage crisis was not yet on the horizon.

But as the Citizens League's 2008 Property Tax Review shows, market values set by county assessors back then, which had increased steadily during the housing "bubble", had already begun to flatten out in many areas across the state.

When market values flatten, or in some cases decline, effective tax rates—the percent of market value paid in property taxes—rise. As a result of the change in market values, many homeowners paid proportionately more in property taxes in relation to the value of their home in 2008 (and will probably pay more in 2009) than they have in recent years when market values were rising faster than taxes.

This year our annual review compares tax rates on average value homes in 343 communities across Minnesota. Beginning in 2005, we started to measure property taxes in terms of effective tax rates (market value divided by property tax) which

more accurately allows us to compare property taxes between communities and better reflect how state credits impact the final tax.

Growth in market value slows

From 2006 to 2007, only two cities in the seven-county Twin Cities metropolitan area saw market value increases on an average value home of less than 5 percent. That changed last year. From 2007 to 2008, more than two-thirds (83) of the 117 cities and towns included in the Citizens League's metro-area survey saw market values increase of less than 5 percent.

That change also occurred outside the metro. From 2006 to 2007, just 31 of the 226 Greater Minnesota communities included in the Citizens League's survey saw market value increase less than 5 percent. From 2007 to 2008, that number jumped to 102.

Slower growth in market value means that more homeowners are paying higher property taxes in relation to the value of their homes. If market value declines, then a homeowner is paying a higher percentage of their



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CONNECTIONS

Building a League of Citizens

Minnesota Journal goes bi-monthly in 2009

Beginning in January, the *Minnesota Journal* will change from a monthly to a bi-monthly publication. But don't fret; we will still deliver the same great content, and more of it. We're growing from 12 to 16 pages and we're offering a PDF version with enhanced features for online readers, such as direct links to source materials where available.

You will see the same great in-depth feature articles on the public policy issues of the day, the same thought-provoking Perspective pieces—with a renewed emphasis on pieces penned by Citizen League members—and the insightful viewpoint of Executive Director Sean Kershaw.

We are adding some short member profiles in our Connections section and bringing back the Take Note section, which highlights innovative policy ideas from around the state and around the world in an easy to digest bite-sized format.

Throughout the year we plan to add more interactive features to the electronic issue and on the website. Members who elect to receive the *Journal* as a downloadable PDF instead of the print version will get their *Journal* a few days early and save some trees in the process.

As always, we welcome your comments, questions, compliments, and complaints. We also encourage members to submit ideas for feature pieces and for the Perspectives section. Guidelines for writers are available online at www.citizensleague.org. Click on the Minnesota Journal icon. Interested writers can contact Journal Editor J. Trout Lowen at tlowen@citizensleague.org for more information.

Calling all members!

We want to hear how members are building civic capacity at home, at work, in their community and in the larger civic environment. Tell us about a project you're involved in, or the work of another member, in a brief email. We will profile some of these great efforts in the Connections section of upcoming issues of the *Minnesota Journal*. Submit profile suggestions to J. Trout Lowen at tlowen@citizensleague.org.

Meet the new and re-elected Citizens League board members for 2009



Acoa Lee is the legislative aide to Saint Paul City Councilmember Melvin Carter and a former planning analyst with the Hennepin County Department of Housing, Community Works & Transit. She has been involved in the emerging leaders program of the Citizens League.

Kathy Mock is the outgoing chair of the Citizens League Board of Directors, and vice president of public affairs for Blue Cross and Blue Shield of Minnesota, where she is responsible for public relations, internal communications, and policy and legislative affairs.



Jeff Peterson is director of government relations for Ecolab, and is responsible for direct lobbying at the federal level on policy development on issues and administration of their federal political action committee. He is one of the most active Citizens League event attendees of the past two years.



Zach Pettus is co-chair of the emerging leaders membership and engagement committee. He has served on the management teams of numerous political campaigns at the state level, including as manager for candidate Peter Hutchinson, and as a team leader in corporate sales with the NFL.

Jennifer Ford Reedy is vice president of strategy and knowledge management for Minnesota Community Foundation and The Saint Paul Foundation. From 2003 to 2007 she served as coordinator of the Itasca Project, a CEO-led regional economic development initiative. She was the moderator of the first Citizens League Regional Policy Workshop in September 2008.



Judith Titcomb is the primary architect of ethnographic research at Pulse Innovation. She began her career as a tax lawyer and later worked as a lobbyist. She is a member of the Citizens League's Water Policy Study Committee.

Diane Tran is project coordinator with the Dakota County Smoke-Free Communities Partnership. She has been active in the Citizens League's Policy Advisory Committee, as well as our member recruitment, young adult action groups, and emerging leadership development efforts.



Lee Anderson is chairman of the 2009 Citizens League Board of Directors. Anderson is Manager of State and Local Government Relations for General Mills. He advocates the company's interests during the formation of public policy, manages lobbying efforts at the state and local level and implements grassroots and public affairs efforts throughout the company. Anderson has been a member of the Citizens League Board since 2004 and served as vice chair in 2008. He has been active in work on transportation and judicial selection, and served on the Corporate Membership and the Nominations committees this year.





A tale of two Citizens Leagues...and two Minnesotas

Lessons from 2008 that can help us solve the big problems of 2009

by Sean Kershaw

"It was the best of times; it was the worst of times." —Charles Dickens

Professionally, there are few feelings worse than realizing that your organization's financial foundation is not what you thought it was—or that it is *worse* than you thought it could be. That's what happened at the Citizens League in 2008, and now it's happening at the Legislature on a much bigger scale.

But one benefit of a financial crisis is that it can force a choice: more of the same or reform. At the Citizens League we're choosing reform, and we are now on a path that requires us to focus and to find innovative ways to achieve our mission. I believe Minnesota must make the same choice.

Financial capacity

We realized last summer that our organization was not adequately differentiating between restricted and unrestricted funds in our financial statements and cash flow, or taking an appropriate overhead fee on grants. The resulting cash crunch forced us to cut staff and expenses; but it also forced us to improve our financial policies and practices, and to think creatively about ways to restructure and better leverage all of our resources (members, staff, funding, partnerships, etc.).

I'm pleased to announce that, thanks to the incredible generosity of our members and community partners, we have met the short-term fundraising goal (\$266,000) that we established in August!

In the midst of the incredible financial difficulties facing all non-profits, we appreciate the renewed opportunity we have been given, and we recognize that to achieve our mission of capacity building we must start by improving our own financial capacity. We still have work to do to improve our balance sheet, but we intend to become a model for nonprofit financial management by implementing new internal policies, seeking certification from the Charities Review Council, and

Again thanks to your work, we have surpassed our membership goal for 2008.

implementing a long-term debt repayment and operating reserve strategy.

Engagement capacity

Again thanks to your work, we have surpassed our membership goal for 2008. We now have almost 2,100 members, the largest membership in more than 10 years!

As we celebrate this numerical milestone we recognize that we have to continue to improve our capacity to engage all of our members and to help develop their civic capacity.

The outcomes of the Minnesota Anniversary Project (MAP 150) will help us achieve this goal. MAP 150 gave us a new set of tools and practices to engage Minnesotans in solving the tough policy challenges ahead. It also provided clear evidence that involving people impacted by a problem produces better policy recommendations and outcomes. It is a lesson I urge policy makers to heed in the weeks and months ahead.

MAP 150 and our past national election also demonstrated the power of technology and online communities, and we are now perfectly positioned to tap into this power with the roll-out of a new online tool for civic engagement (*CitiZing!*) and a new website to help citizens better understand their property taxes. Our 2009 work plan also includes an exciting new event series, and the roll-out of our civic leadership programs.

Policy capacity

In 2008, our innovative policy recommendations had an impact at the Capitol. The Urban Partnership Agreement, for example, brought innovations in pricing and more than \$100 million in federal funding to Minnesota for transit and road improvements.

We will build on this success in 2009 and use our civic policy guidelines to develop

recommendations on immigration and access to higher education, poverty, health care, water, regional cooperation, and financing for older adult services.

Our long-term goal is not just to develop pragmatic policy recommendations on individual issues, however, but to document the internal policies and practices that help us to develop a "civic policy agenda" that recognizes the role that all Minnesotans and all Minnesota institutions must play in public policy.

Meaning for Minnesota

Minnesota's enormous budget shortfall requires that we as a state make a choice: more of the same, or reform and dramatic innovation. But the truth is we have no choice. We need reform and innovation and to focus on long-term fiscal growth and stability, not short-term accounting games, or the increasingly irrelevant arguments about just more or less taxes. Our goal should be to lead the nation again in the creation and implementation of innovative policies that build our capacity to solve our current and future problems.

To achieve this we need to bring citizens into the process as partners to help produce and implement solutions in all institutions, not just government. We need to help citizens improve and "own" governance everywhere, not just at the state level. And more than ever, we need citizen buy-in to make the big changes that are needed (they are ready to play a bigger role in the process).

The Citizens League can and should become a model of how to provide the common ground necessary to bring Minnesotans together to produce common-good solutions. A generation from now, we need to look back on 2009 and see how we took the worst of times and created the best possible solutions for future generations of Minnesotans. ●

Sean Kershaw is the Executive Director of the Citizens League. He can be reached at skershaw@citizensleague.org.

Community	School District	2007 Est. Pop.	2007 Average MV	2008 Average MV	2007-08 % MV Change	2007-08 \$ MV Change	2007 Final Tax	2007 Effective Tax Rate	2007 Tax Rank	2008 Property Tax	2008 Effective Tax Rate	2008 Tax Rank	2007-08 % Tax Change	2007-08 \$ Tax Change
HENNEPIN COUNTY cont.														
MOUND	0277	9,753	\$299,715	\$322,441	7.6%	\$22,726	\$3,045	1.016%	67	\$3,234	1.003%	79	6.2%	\$189
NEW HOPE	0281	20,824	\$217,736	\$221,434	1.7%	\$3,698	\$2,692	1.236%	14	\$2,685	1.213%	17	-0.3%	-\$7
ORONO	0278	7,841	\$773,616	\$857,677	10.9%	\$84,060	\$7,114	0.920%	95	\$7,887	0.920%	99	10.9%	\$773
OSSEO	0279	2,479	\$192,604	\$193,083	0.2%	\$479	\$2,177	1.131%	41	\$2,284	1.183%	24	4.9%	\$106
PLYMOUTH	0284	71,147	\$324,876	\$334,096	2.8%	\$9,220	\$3,383	1.041%	60	\$3,438	1.029%	66	1.6%	\$55
RICHFIELD	0280	33,107	\$216,592	\$223,134	3.0%	\$6,542	\$2,366	1.092%	47	\$2,507	1.123%	37	5.9%	\$141
ROBBINSDALE	0281	13,551	\$197,395	\$205,787	4.3%	\$8,393	\$2,343	1.187%	21	\$2,389	1.161%	26	2.0%	\$46
ROGERS	0728	6,971	\$268,036	\$263,166	-1.8%	-\$4,871	\$3,389	1.264%	7	\$3,297	1.253%	12	-2.7%	-\$92
SHOREWOOD	0276	7,611	\$250,175	\$550,529	5.8%	\$30,354	\$6,068	1.166%	27	\$6,256	1.136%	32	3.1%	\$188
ST. ANTHONY*	0282	8,500	\$245,127	\$252,476	3.0%	\$7,350	\$3,081	1.257%	9	\$3,163	1.253%	11	2.7%	\$82
ST. BONIFACIUS	0110	2,360	\$234,989	\$237,061	0.9%	\$2,072	\$2,558	1.089%	49	\$2,591	1.093%	50	1.3%	\$32
ST. LOUIS PARK	0283	45,216	\$251,090	\$259,945	3.5%	\$8,855	\$2,910	1.159%	29	\$2,901	1.116%	45	-0.3%	-\$9
WAYZATA	0284	4,145	\$673,311	\$724,576	7.6%	\$51,265	\$7,460	1.108%	44	\$7,997	1.104%	47	7.2%	\$537
RAMSEY COUNTY														
ARDEN HILLS	0621	9,985	\$312,683	\$323,122	3.3%	\$10,439	\$3,490	1.116%	43	\$3,489	1.080%	53	0.0%	-\$1
FALCON HEIGHTS	0623	5,709	\$277,784	\$289,308	4.1%	\$11,524	\$2,658	0.957%	82	\$2,711	0.937%	97	2.0%	\$53
LAUDERDALE	0623	2,316	\$193,108	\$203,910	5.6%	\$10,802	\$1,881	0.974%	78	\$1,934	0.948%	95	2.8%	\$53
LITTLE CANADA	0623	10,157	\$244,490	\$254,798	4.2%	\$10,308	\$2,397	0.980%	74	\$2,439	0.957%	92	1.7%	\$42
MAPLEWOOD	0622	36,663	\$240,803	\$244,357	1.5%	\$3,554	\$2,744	1.140%	35	\$2,756	1.128%	35	0.4%	\$11
MOUNDS VIEW	0621	12,634	\$209,342	\$211,903	1.2%	\$2,562	\$2,606	1.245%	12	\$2,519	1.189%	20	-3.4%	-\$88
NEW BRIGHTON	0621	22,391	\$256,745	\$262,114	2.1%	\$5,370	\$3,128	1.218%	16	\$3,106	1.185%	21	-0.7%	-\$22
NORTH OAKS	0621	4,554	\$700,377	\$702,851	0.4%	\$2,474	\$7,461	1.065%	55	\$7,199	1.024%	69	-3.5%	-\$261
NORTH ST. PAUL	0622	11,695	\$214,308	\$219,506	2.4%	\$5,198	\$2,266	1.057%	58	\$2,330	1.061%	60	2.8%	\$64
ROSEVILLE	0623	34,099	\$251,176	\$256,367	2.1%	\$5,192	\$2,556	1.018%	66	\$2,572	1.003%	78	0.6%	\$16
SHOREVIEW	0621	26,159	\$285,910	\$295,171	3.2%	\$9,262	\$3,248	1.136%	38	\$3,272	1.108%	46	0.7%	\$24
ST. PAUL	0625	287,669	\$214,851	\$233,855	8.8%	\$19,005	\$2,344	1.091%	48	\$2,546	1.089%	51	8.7%	\$203
VADNAIS HEIGHTS	0624	13,038	\$262,495	\$265,668	1.2%	\$3,173	\$2,444	0.931%	91	\$2,654	0.999%	82	8.6%	\$210
WHITE BEAR LAKE*	0624	24,746	\$241,304	\$247,525	2.6%	\$6,222	\$2,259	0.936%	89	\$2,456	0.992%	84	8.7%	\$197
WHITE BEAR TWP	0624	11,802	\$292,574	\$294,102	0.5%	\$1,528	\$2,783	0.951%	84	\$2,986	1.015%	73	7.3%	\$203
SCOTT COUNTY														
BELLE PLAINE	0716	6,744	\$196,263	\$207,697	5.8%	\$11,434	\$2,311	1.177%	23	\$2,572	1.238%	14	11.3%	\$261
CEDAR LAKE TWP	0721	2,820	\$409,392	\$448,304	9.5%	\$38,911	\$3,652	0.892%	101	\$4,094	0.913%	100	12.1%	\$442
CREDIT RIVER TWP	0194	5,103	\$445,620	\$476,834	7.0%	\$31,215	\$3,983	0.894%	100	\$4,317	0.905%	101	8.4%	\$334
ELKO NEW MARKET	0194	3,788	\$265,049	\$278,113	4.9%	\$13,064	\$2,911	1.098%	46	\$3,123	1.123%	40	7.3%	\$212
JORDAN	0717	5,316	\$230,062	\$245,494	6.7%	\$15,432	\$2,446	1.063%	57	\$2,653	1.081%	52	8.5%	\$207
NEW MARKET TWP	0194	3,549	\$244,148	\$456,058	7.5%	\$31,910	\$3,881	0.915%	96	\$3,912	0.858%	104	0.8%	\$31
PRIOR LAKE	0719	22,111	\$302,713	\$318,366	5.2%	\$15,653	\$3,559	1.176%	24	\$3,669	1.152%	29	3.1%	\$110
SAVAGE	0191	25,293	\$265,781	\$274,670	3.3%	\$8,889	\$3,173	1.194%	18	\$3,548	1.292%	4	11.8%	\$375
SHAKOPEE	0720	32,567	\$239,754	\$258,772	7.9%	\$19,018	\$2,448	1.021%	65	\$2,635	1.018%	71	7.6%	\$186
SPRING LAKE TWP	0719	3,792	\$385,619	\$420,280	9.0%	\$34,661	\$3,775	0.979%	76	\$4,025	0.958%	91	6.6%	\$251
WASHINGTON COUNTY														
AFTON	0834	2,937	\$450,970	\$459,782	2.0%	\$8,812	\$3,706	0.822%	109	\$3,771	0.820%	112	1.8%	\$65
BAYPORT	0834	3,273	\$249,687	\$261,787	4.8%	\$12,099	\$2,066	0.827%	107	\$2,154	0.823%	111	4.3%	\$88
COTTAGE GROVE	0833	33,788	\$235,101	\$241,227	2.6%	\$6,126	\$2,554	1.087%	50	\$2,598	1.077%	55	1.7%	\$43
FOREST LAKE	0831	17,494	\$279,118	\$300,322	7.6%	\$21,203	\$2,306	0.826%	108	\$2,544	0.847%	105	10.3%	\$238
GRANT	0832	4,244	\$501,207	\$514,187	2.6%	\$12,980	\$4,162	0.830%	106	\$4,251	0.827%	110	2.1%	\$89
HUGO	0624	12,022	\$274,448	\$278,106	1.3%	\$3,657	\$2,427	0.884%	102	\$2,703	0.972%	86	11.4%	\$276
LAKE ELMO	0834	8,182	\$421,516	\$414,016	-1.8%	-\$7,499	\$3,386	0.803%	112	\$3,367	0.813%	113	-0.6%	-\$19
MAHTOMEDI	0832	8,005	\$362,051	\$360,602	-0.4%	-\$1,449	\$3,457	0.955%	83	\$3,463	0.960%	90	0.2%	\$6
MAY TWP	0834	3,269	\$464,672	\$491,348	5.7%	\$26,676	\$3,366	0.724%	116	\$3,485	0.709%	116	3.5%	\$119
NEWPORT	0833	3,534	\$215,356	\$222,665	3.4%	\$7,309	\$2,527	1.173%	25	\$2,637	1.184%	23	4.4%	\$110
OAK PARK HEIGHTS	0834	4,751	\$217,443	\$220,971	1.6%	\$3,528	\$1,900	0.874%	103	\$1,945	0.880%	102	2.4%	\$45
OAKDALE	0622	27,518	\$223,992	\$225,029	0.5%	\$1,037	\$1,901	0.849%	104	\$1,978	0.879%	103	4.0%	\$77
SCANDIA	0831	4,210	\$353,247	\$366,273	3.7%	\$13,026	\$2,746	0.777%	114	\$3,090	0.844%	106	12.5%	\$344
ST. PAUL PARK	0833	5,344	\$189,057	\$195,094	3.2%	\$6,037	\$1,900	1.005%	70	\$1,982	1.016%	72	4.3%	\$82
STILLWATER	0834	18,112	\$274,866	\$281,165	2.3%	\$6,299	\$2,737	0.996%	72	\$2,846	1.012%	74	4.0%	\$109
STILLWATER TWP	0834	2,625	\$463,580	\$478,726	3.3%	\$15,146	\$3,565	0.769%	115	\$3,631	0.759%	115	1.9%	\$66
WEST LAKELAND TWP	0834	3,934	\$469,587	\$475,636	1.3%	\$6,049	\$2,831	0.603%	117	\$3,063	0.644%	117	8.2%	\$232
WOODBURY	0833	57,279	\$302,442	\$303,002	0.2%	\$559	\$3,234	1.069%	54	\$3,229	1.066%	58	-0.2%	-\$5
Number of Rankings 2007-2008									117			117		
Metro Average			\$272,261	\$280,984	3.2%	\$8,723								

Property taxes

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TABLE 2: 2008 Highest and lowest effective tax rates in Greater Minnesota cities on average value homes

(Does not include townships, unorganized territories and cities that receive the taconite credit)

City	County	School District	2007 Est. Pop.	COUNTY		CITY		SCHOOL		SPECIAL DISTRICT		FINAL TAXES		TAX CHANGE	
				2008 Effective Tax Rate	2008 Total Rank	2008 Effective Tax Rate	2008 Total Rank	2008 Effective Tax Rate	2008 Total Rank	2008 Effective Tax Rate	2008 Total Rank	2008 Effective Tax Rate	2008 Tax Rank	2007-08 % Tax Change	2007-08 \$ Tax Change
CITIES OVER 5,000 POPULATION															
REDWOOD FALLS	REDWOOD	2897	5,271	0.533%	64	0.783%	15	0.485%	22	0.004%	98	1.526%	7	5.1%	\$75
THIEF RIVER FALLS	PENNINGTON	0564	8,515	0.813%	2	0.489%	87	0.470%	26	0.055%	12	1.496%	8	6.1%	\$76
CROOKSTON	POLK	0593	8,051	0.710%	6	0.606%	53	0.438%	37	0.052%	14	1.399%	14	-3.0%	-\$33
EAST GRAND FORKS	POLK	0595	7,879	0.724%	5	0.538%	74	0.242%	139	0.061%	10	1.394%	15	21.7%	\$355
MORRIS	STEVENS	0769	5,223	0.449%	112	0.566%	67	0.596%	5	0.025%	44	1.389%	17	12.2%	\$167
ROCHESTER	OLMSTED	0535	100,845	0.525%	68	0.425%	114	0.333%	83	0.000%	123	1.159%	74	4.4%	\$86
DULUTH	ST. LOUIS	0709	85,439	0.592%	38	0.233%	169	0.305%	106	0.063%	9	1.055%	112	14.3%	\$216
ST. CLOUD*	STEARNS	0742	65,246	0.475%	99	0.488%	88	0.150%	170	0.025%	43	0.999%	131	1.5%	\$23
BAXTER	CROW WING	0181	7,758	0.305%	164	0.410%	118	0.244%	137	0.002%	115	0.863%	180	-4.3%	-\$76
FARIBAULT	RICE	0656	22,798	0.265%	170	0.331%	139	0.329%	87	0.034%	26	0.834%	186	1.5%	\$22
DETROIT LAKES	BECKER	0022	8,283	0.426%	127	0.308%	148	0.201%	157	0.031%	30	0.831%	187	3.8%	\$50
INTERNATIONAL FALLS	KOOCHICING	0361	6,283	0.331%	155	0.649%	37	0.238%	141	0.002%	116	0.792%	193	2.9%	\$16
BRAINERD	CROW WING	0181	13,959	0.297%	166	0.446%	103	0.243%	138	0.013%	67	0.785%	195	-0.4%	-\$3
Number of Rankings in Entire Survey of Greater Minnesota					171	225		183		123		226			
CITIES BETWEEN 2,000 AND 5,000 POPULATION															
ROSEAU	ROSEAU	0682	2,869	0.644%	16	0.687%	30	0.533%	11	0.095%	2	1.658%	3	-2.0%	-\$32
TRACY	LYON	0417	2,153	0.466%	110	1.386%	2	0.196%	160	0.007%	87	1.573%	4	14.5%	\$125
WINDOM	COTTONWOOD	0177	4,422	0.477%	93	0.759%	18	0.627%	4	0.004%	95	1.527%	6	29.8%	\$304
SPRINGFIELD	BROWN	0085	2,230	0.483%	92	1.145%	3	0.343%	79	0.002%	106	1.491%	10	8.1%	\$70
WINSTED	MCLEOD	2687	2,305	0.572%	45	0.636%	42	0.395%	51	0.002%	109	1.460%	11	0.8%	\$18
PRINCETON*	MILLE LACS	0477	4,517	0.624%	27	0.635%	44	0.262%	134	0.002%	119	1.361%	23	-0.5%	-\$10
WADENA*	WADENA	2155	4,199	0.762%	3	0.371%	126	0.288%	115	0.028%	33	1.139%	83	25.3%	\$214
BRECKENRIDGE	WILKIN	0846	3,555	0.607%	31	0.500%	84	0.267%	130	0.000%	123	1.051%	113	13.4%	\$112
PARK RAPIDS	HUBBARD	0309	3,508	0.315%	162	0.464%	92	0.272%	127	0.009%	82	0.854%	182	-5.1%	-\$58
PELICAN RAPIDS	OTTER TAIL	0548	2,423	0.354%	151	0.698%	27	0.079%	180	0.019%	51	0.819%	189	4.1%	\$29
ST. AUGUSTA	STEARNS	0742	3,178	0.475%	95	0.208%	176	0.150%	168	0.005%	93	0.762%	197	-10.1%	-\$194
NISSWA	CROW WING	0181	2,047	0.305%	163	0.226%	170	0.244%	137	0.002%	115	0.756%	198	1.8%	\$46
CROSSLAKE	CROW WING	0186	2,071	0.305%	163	0.196%	179	0.114%	177	0.002%	115	0.615%	214	5.9%	\$140
Number of Rankings in Entire Survey of Greater Minnesota					171	225		183		123		226			

Source: Minnesota Department of Revenue, Calculations by the Citizens League

* = city has residential property in more than one county.

View rankings for all 343 Minnesota cities online at www.citizensleague.org

TABLE 3: Average market value changes and effective tax rates (ETR)

Twin Cities Average	\$ Change Market Value	% Change Market Value	\$ Change Tax	% Change Tax	ETR on Change	Avg. ETR	
2006-2007	\$22,812	9.1%	\$211	7.2%	0.923%	1.045%	(2007)
2007-2008	\$8,723	3.2%	\$153	4.9%	1.752%	1.056%	(2008)
Greater Minnesota							
2006-2007	\$12,374	8.8%	\$94	6.8%	0.761%	1.039%	(2007)
2007-2008	\$9,313	5.9%	\$94	6.5%	1.011%	1.049%	(2008)

Key terms

Market value: estimated value of a home as determined by the county assessor for taxing purposes; based on the selling price of similar-value homes in the area.

Effective tax rate: the market value divided by the property tax.

Average market value: the average of the market value of all homes in a community.

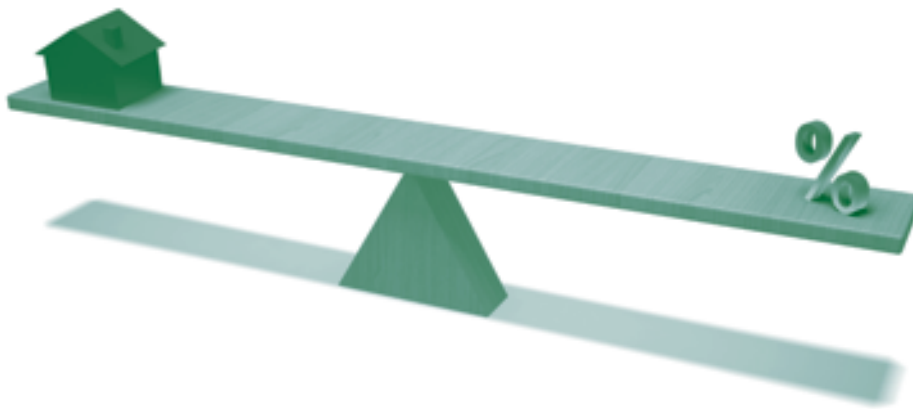
home value in taxes even if their tax bill stays the same. Table 3 shows the interplay between market values, property taxes, and effective tax rates in the Twin Cities metropolitan area and in Greater Minnesota.

In the Twin Cities, average market value on an average value home increased by 9.1 percent from 2006 to 2007, from \$249,448 to \$272,261. That changed dramatically from 2007 to 2008 when the average market value rose just 3.2 percent, from \$272,261 to \$280,984.

As Table 3 shows, even though the average tax increase was significantly higher from 2006 to 2007 (\$211) than it was from 2007 to 2008 (\$153), the effective

values rose from 2006 to 2007 by a strong 8.8 percent, more than \$12,000 per home. From 2007 to 2008 that growth slowed. Average home values increased just 5.9 percent, or \$9,313 per home.

In Greater Minnesota, the tax increase on an average value home (\$94) was the same from 2006-2007 as it was from 2007-2008, but the tax increase (6.8%) from 2006-2007 was lower than market value increase (8.8%), so the effective tax rate on the increase was lower than in 2007-2008. That's because from 2007-2008 the tax increase on that average value home (6.5%) was higher than the market value increase (5.9%).



tax rate on that increase was low because market values rose faster (9.1%) than property taxes (7.2%).

A lower average increase in taxes from 2007 to 2008 of \$153 (4.9%) results in a very high effective tax rate on that increase because the taxes are rising faster than the market values (4.9% vs. 3.2%).

Taking a look at the numbers community by community makes this clearer. From 2006 to 2007, only 27 metro communities (24% of the total in the metro survey) saw their effective tax rates increase, which shows that the tax on an average value home rose faster than the average market value. From 2007 to 2008, that number more than doubled. Fifty-eight communities (50% of the total) saw effective tax rates increase on an average value home.

In Greater Minnesota, market values did not flatten as much as in the metro, but the effect was similar. Average market

Taking a look at what happened community by community in Greater Minnesota shows that the change was not as dramatic as in the metropolitan area. From 2006 to 2007, 45 of the 106 communities included in the Greater Minnesota survey saw increased effective tax rates, or 42 percent. From 2007 to 2008, effective tax rates increased in 59 communities, or 56 percent.

One note of caution, however. Average home values are just that, averages of all of the homes in the survey. Market values and effective tax rates in individual communities vary widely. To better understand what is happening in your community, view our individual community profiles at www.citizensleague.org. ●

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Community-specific information available online

The 2008 Citizens League Property Tax Review shows how property taxes went up or down on average value homes from 2007 to 2008 in 343 communities across Minnesota.

Table 1 shows the overall changes for all 117 communities in the Metro Area and Table 2 gives a representation of the 226 communities in the Greater Minnesota survey. View the complete listings for Table 2 and the rest of the review online at www.citizensleague.org.

The detailed review on the Citizens League website includes all cities, townships and unorganized territories with populations of 2,000 or more. Fourteen Minnesota counties do not have a city with a population of 2,000 or more. In these cases, we include the largest city, so that each county in Minnesota is represented. To see the level of taxes levied by each local government (city, county, school, etc.) in 2008 and what those taxes would be without state credits, look at Tables 1a and 2a. All rankings are based on effective tax rate.

A community profile for each of the 343 communities included in the 2008 review shows changes in taxes from year to year for the community as a whole and for each local government (city, county, school and special district). This year we have added a graphic to each community profile that shows the composition of the tax base in each community, how much of the market value is residential homestead (the focus of our review) versus commercial-industrial (C/I) or other types of property.

We also include rankings based on city clusters. These clusters group cities by similar characteristics and were developed by the Minnesota House of Representatives Research Department and the League of Minnesota Cities. These clusters are based on information culled from census data, so changes may occur when the 2010 census data is available.

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Signed, Sean Kershaw, publisher. October 1, 2008

Extent and Nature of Circulation	Average No. Copies Each Issue During Preceding 12 Months	Single Issue Nearest to Filing Date
A. Total number of copies (net press run)	1700	1600
B. Paid and/or requested circulation		
1. Paid/requested outside-county mail subscriptions stated on form 3541	850	850
2. Paid in-county subscriptions	713	713
3. Sales through dealers and carriers, street vendors and counter sales	0	0
4. Other classes mailed through USPS	0	0
C. Total paid an/or requested circulation	1563	1563
D. Free distribution by mail		
1. Outside-county as stated on form 3541	0	0
2. In-county as stated on form 3541	0	0
3. Other classes mailed though the USPS	0	0
E. Free distribution outside the mail	0	0
F. Total free distribution	0	0
G. Total distribution	1563	1563
H. Copies not distributed	137	37
I. Total	1700	1600
Percent paid and/or requested circulation	100	100