

PRESS RELEASE

For Immediate Release

Contact: Sean Kershaw at 651-324-0991

Bob DeBoer at 651-293-0575 ext. 13

October 16, 2006

www.citizensleague.net

Citizens League 2006 Homestead Property Tax Review:

Education driving highest residential homestead property tax increases in 2006

Education is the primary recipient of property tax increases in 202 Minnesota communities surveyed by the Citizens League in 2005 and 2006. The Citizens League's annual review found that voter-approved referenda in 2005 were behind many of the highest property tax increases this year. Just as significant for homeowners, however, was the state action to grant school districts more authority to raise property taxes without voter-approval as the state share of education funding decreased from 83 percent in 2005 to 81 percent in 2006.

Cities and counties were also responsible for some of the high increases from 2005 to 2006, but on a statewide basis property tax increases for schools (\$235 million) exceeded increases for cities and counties combined (\$230 million), according to the non-partisan Minnesota House of Representatives Research Department.

For more than 40 years, the Citizens League has annually published property tax information in an attempt to promote transparency and provide information to citizens. The report traditionally is published in September or October before local governments approve final levies for the upcoming year and is intended to provide factual data on the relative level of property taxes in communities across the state. In this year's review, the Citizens League provides additional detail for citizens to see how taxes have changed year to year for homeowners in 202 communities. Each level of government is tracked for:

- effective tax rate change,
- percent tax change, and
- change in taxes paid.

For the first time, the Citizens League also offers community profiles of 135 communities to offer the most complete picture of how property taxes have changed relative to other communities.

The Citizens League Property Tax Review provides community-specific data within a statewide tax policy framework and is *not* an analysis of government spending at the state or local level. The Property Tax Review does *not* attempt to determine if tax increases or tax cuts are warranted, or if revenue is spent efficiently. The Property Tax Review is a consistent source of data to inform citizens and promote their involvement in policy decisions. Ultimately, it is up to the citizens—and their elected officials at the state and local level—to make decisions on what the data mean for their communities and for Minnesota's state-local fiscal system.

To begin the Citizens League Property Tax Review, read the 2006 Property Tax Review and look at the rankings and the changes in property taxes on homes for 2005 and 2006. See Table 1 for Twin Cities Metropolitan Area changes and Table 2 for Greater Minnesota changes on the Citizens League website at www.citizensleague.net.