Tax Calculation Course

This course provides (online) instruction on how property taxes are calculated for Taxes Payable in 2016. It provides a concise introduction to the basic terms and methodology for calculating property taxes, and provides examples and problems that give thorough instruction on the step-by-step computations.

Purpose
This course serves two purposes. First, it provides basic training for any interested person, (and particularly for state and local employees working with property taxes), on the basic mechanics of the property tax system. As such, this course can make a fairly complex system more understandable and accessible to the curious observer or new employee, as well as serve as a refresher to the experienced employee who perhaps has become somewhat removed from the procedures given today’s dependence on computer generated calculations.

Second, it provides the necessary training to certify county officials in tax calculation as established by law (M.S. 273.0755). This law allows the Commissioner of Revenue to require that each county have at least one person certified in tax calculation, among other things. This training ensures that taxpayers will have someone at the county level to turn to who can manually work through a tax calculation and explain how their tax amounts are determined. The certification expires every four years.

How long does this course take and how does it work?
The course explains the different components of calculating a property’s tax, gives examples, and provides problems for the students to work through. You may stop at any point and return to this workbook at a later time. You may work at your own pace—perhaps choosing to zip through it for a brief overview or to spend more time to carefully grasp all of the material. A diligent student might require 4-5 hours to work through the material.

The Department of Revenue works with the Minnesota Association of Assessing Officers (MAAO) and the Minnesota Association of County Officers (MACO) to provide in-person instruction at various conferences held by those organizations. If you are interested in an in-person course, please contact PropTax.Admin@state.mn.us.

Is there a test?
If you are taking this course for informational purposes, then NO, testing is not necessary. The course includes problems for the student to work through as a tool for learning, with answers and solutions provided.

If you are taking this course to attain certification and compliance with M.S. 273.0755, then YES, there is a test. The exam is only offered online and is available to you after you register in the state’s SWIFT system. One hour is provided to take the exam, and a passing certificate may be printed at your convenience.
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Intuitively, calculating one’s property tax should be quite simple: Value x Rate = Tax

Minnesota’s Property Tax System, however, is very complex. The task of calculating the net tax for a parcel of property is affected by many features of the system. This course is designed to lead you through this maze so that upon completion, you can compute the tax on a parcel of property given the taxable market value, its use classification, and the tax rates that apply to the parcel.

This course is primarily designed for certifying county assessors, auditors, or other officials in the tax calculation process, it is also available for anyone interested in obtaining a better understanding of how property taxes are calculated. This course is updated as laws change.

Before we begin, please note the following housekeeping items:

1. Acronyms are defined and used in this course. If you forget them, please refer to the Appendix - Resources section of this document.
2. Once you begin calculating taxes, you will need to refer to the class rate table which lists the classification percentages and applicable taxes for each type of property. To view the table, please refer to the Appendix - Resources section of this document. The table is also available on the tax calculation exam webpage.
3. You may need to refer to the Agricultural Homestead Market Value Credit explanation as you compute credits. This document is also available in the Appendix - Resources section of this document. Again, you may wish to print this page before you begin.
4. All intermediate and final calculations have been rounded to the nearest dollar in this course. You may wish to use a calculator to perform these computations.
Part I - General Concepts

Estimated Market Value (EMV)
The statutory definition of market value is “the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at a private sale or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arm’s length transaction. The price obtained at a forced sale shall not be considered.” (M.S. 272.03, Subd. 8)

In other words, the county or local assessor estimates, based on sales and market value income approach trends, what a property would sell for in an open market transaction.

However, a property’s EMV is not necessarily its Taxable Market Value.

Taxable Market Value (TMV)
Taxable Market Value refers to the amount of value that is used in calculating taxes. This can differ from Estimated Market Value due to special programs that the property may be involved in such as Green Acres, This Old House, Plat Law, etc. The factors affecting taxable market value, in order of their application, are:

Taxable Market Value Calculation
1. Estimated Market Value
2. Green Acres Deferment
3. Rural Preserves Deferment
4. Open Space Deferment
5. Aggregate Resource Preservation Deferment
6. Platted Vacant Land Exclusion
7. “This Old House” Exclusion
8. “This Old Business” Exclusion
9. Disabled Veterans Exclusion
10. Mold Damage Reduction
11. MV Prior to Homestead MV Exclusion (1-2-3-4-5-6-7-8-9-10)
12. Homestead Market Value Exclusion
13. Taxable Market Value (11-12)

Property Tax Exclusions
Property tax exclusions are features of the property tax system that, true to their name, exclude value from taxation. These exclusions include:

- Plat Law
- This Old House
- This Old Business
- Homestead Property Damaged by Mold
- Market Value Exclusion for Disabled Veterans
- Homestead Market Value Exclusion

We will cover general information about deferments, reductions, and exclusions. The Green Acres deferment and Homestead Market Value Exclusion will be covered in the most detail.
Taxable market value, is not the major base value for calculating Minnesota property taxes. Minnesota employs a unique adjusted value called Net Tax Capacity.

**Net Tax Capacity (NTC)**
Net Tax Capacity is taxable market value multiplied by the appropriate class rate specified in statute for the use classification of the property. For example, a residential homestead is a class of property with a class rate of 1.00%. The NTC of a residential homestead with a taxable market value of $100,000 would be $100,000 times 1.00%, or $1,000. This adjustment allows homesteads, commercial property, and any other type of property defined in statute to be taxed at different levels.

NTC is the base value used in calculating the majority of a property’s tax. However, some property taxes are levied against Referendum Market Value.

**Tax Bases**

**Referendum Market Value and Net Tax Capacity**
At the most basic level, there are two types of bases upon which property taxes are levied in Minnesota: **referendum market value** and **net tax capacity**.

Referendum Market Value is calculated for homestead property using the market value prior to the homestead market value exclusion (reference the Market Value Hierarchy chart on page 8 for more information). For non-homestead properties, the referendum market value is calculated using the taxable market value. However, there are some types of property that are not subjected to voter approved levies based on referendum market value or that are subject to the tax at its full taxable market value. Basically, farm values (other than the house, garage, and first acre) and cabins are not included, and any class with a class rate of less than 1% is only partially subject to the tax. (The specifics of these variations will be identified later.)

**State NTC vs Local NTC Tax Bases**
In addition, as discussed earlier in this chapter, there are really two different types of net tax capacity-based tax bases: the **local net tax capacity tax base** for levies by local jurisdictions and the **state net tax capacity tax bases** for the state general property tax. The state net tax capacity tax bases differ from the local net tax capacity tax base in that they are limited to certain classifications.

**Two State NTC Tax Bases: Commercial-Industrial and Seasonal Residential Recreational**
Statute defines a “commercial-industrial tax capacity” and a “seasonal residential recreational tax capacity” to define the property that is subject to the state general property tax.

The commercial-industrial state NTC base includes the tax capacity of all taxable property classified as class 3 (commercial, industrial, and public utility property) or class 5(1) (unmined iron ore property), except for electric generation attached machinery under class 3 and property described in M.S. 473.625 (property of the Minneapolis-St. Paul International Airport and Holman Field in St. Paul).

The seasonal residential recreational state NTC base includes the tax capacity of the third tier of class 1c (Ma & Pa resort value over $2.3 million) and all class 4c(1) (resorts) and 4c(12) property (cabins) except that the first $76,000 of market value of each class 4c(12) property has a tax capacity for this purpose equal to 40 percent of its tax capacity under M.S. 273.13.
TIF and Fiscal Disparities
Some might consider the retained captured value within a TIF district, or the area-wide tax base of fiscal disparities (as described in Section 04.14) to be additional tax bases. However, these values are not subject to specific levies and are more ancillary features of the property tax system and are generally not regarded to be formal tax bases.

Tax Bases Identified
The following figure identifies how the various components or distinctions result in six distinct tax bases. Initially there are two major types of values upon which levies are spread: 1) referendum market value (RMV), and 2) net tax capacity (NTC). The NTC component must be further split between: 1) a measure of local net tax capacity (LNTC), and 2) the more narrowly defined state net tax capacity (SNTC). The levy for the state tax is actually divided into two parts and spread on separate bases: 1) the commercial-industrial net tax capacity (CI SNTC), and 2) the seasonal residential recreational net tax capacity (SRR SNTC).

Local Levies and Referendum Levies

Local Levies
Local units of government (counties, cities, townships, school districts, and special taxing districts) determine the amount of money they will need to fund their various services (such as fire protection, street maintenance, and various education programs) for the coming year. Budgets are prepared based on service costs and non-property tax revenue. Non-property tax revenue includes state and federal aids, parking meters, fines, licenses, permits, municipal liquor stores, and local sales taxes. The portion of the budget that will need to be financed by property taxes (the levy) is generally determined as the difference between service costs and non-property tax revenue. Therefore, local levies are influenced by both local choices about services to provide, and by changes in other revenues such as state aids.

Local levies are levied on net tax capacity. All property is subject to local levies.

Referendum Levies
State law allows local governments to initiate voter referenda for various purposes. These are most commonly used by school districts to raise additional operating funds, or by other local governments for operating and/or debt purposes. These taxes are levied on referendum market value as opposed to the regular local levies, which are levied on net tax capacity. (Note: By law, voter approved levies for school debt issues are based on NTC rather than referendum market value. In this course, they have already been included in the net tax capacity local tax rate.)

A taxpayer may own several properties subject to referendum levies, but the taxpayer may only vote on referendums based on his or her primary residence. For example, if a taxpayer is homesteaded in one county and owns commercial property in another county, she may only vote on referendums in the county where she is homesteaded.

**The State General Property Tax Levy**
State statute (M.S. 275.025) establishes a state levy amount that is deposited in the general fund and was originally created to aid school districts and minimize their use of local levies. This tax is levied on net tax capacity, but only for certain types of property—generally business and seasonal recreational property. (More specific definition of this base will be presented later in the course.)

Once levies are set and base values established, it is the job of the county auditor to determine tax rates for local levies. The Department of Revenue certifies the state tax rate to county auditors.

**Auditors**
Each county elects or appoints a county auditor who keeps a record of all taxable property in the county and delivers a list of property owners and their respective taxes to the county treasurer. (Sometimes the auditor and treasurer are the same person and titles may vary.) All local taxing district property tax levies are certified to the county auditor and the auditor is responsible for determining the tax rates. Most parcels in the state are locally taxed by a county, a city or township, a school district, and may be taxed by one or more special taxing districts such as watersheds.

The calculation of local rates is not as simple as dividing the levy of a jurisdiction by the total NTC of a jurisdiction. There are adjustments to the total NTC to consider.

**Adjustments to Net Tax Capacity Value, Initial Tax Rate Determination, Initial Tax Rate Exceptions**

**Adjustments to Net Tax Capacity Value**
The auditor calculates initial tax rates by dividing the certified levy by the taxable net tax capacity (TNTC) rather than the net tax capacity. Net tax capacity values are reduced by tax increment value, certain power line value, and fiscal disparities contribution value to obtain a taxable net tax capacity. The levy used in calculating the rate is actually less the fiscal disparity distribution tax (metropolitan and iron range counties only), but we’ll spare you that detail in this course other than making note of it.

**Taxable Net Tax Capacity Calculation**
1. Total Net Tax Capacity
2. Powerline Net Tax Capacity
3. Fiscal Disparity Contribution Net Tax Capacity
4. Tax Increment Financing (TIF) Net Tax Capacity
5. Taxable Net Tax Capacity =1-2-3-4
Taxable net tax capacity value, therefore, is the value used to determine tax rates.

**Initial Tax Rate Determination**

When the property tax levies of all local taxing districts have been set and certified to the county auditor, and when taxable net tax capacity values have been determined, then initial tax rates for each local governmental unit (i.e., county, city, town, school and special taxing districts) are determined. Basically, the initial tax rate for local units of government is calculated by dividing the certified property tax levy, less the fiscal disparity distribution levy, by the taxable net tax capacity value. For example, if a city's levy less the fiscal disparity distribution levy was $100,000 and the taxable net tax capacity value was $350,000, the total city initial tax rate would be calculated as follows:

\[ \frac{100,000}{350,000} = 0.28571 \text{ or } 28.571\% \]

In a unique taxing area (a geographic area subject to the same set of tax rates), the total initial tax rate is equal to the sum of the initial tax rates for all taxing districts levying in that area (county rate + city or township rate + school rate + special taxing district rate). This total rate is applied to each taxable parcel of property in the unique taxing area to determine the amount of net tax capacity based property tax which is owed, unless the unique taxing area receives disparity reduction aid.

We’ll soon be ready to move on to the calculation examples, but there are still a couple more quirks to be aware of concerning rates.

**Initial Tax Rate Exceptions**

Under normal circumstances, initial tax rates are calculated by using the formula above. However, there are instances where initial tax rate calculations deviate from the norm. Examples of these are fire protection districts, rural-urban districts and subordinate service districts. In some districts like these, the levies may only apply to a subset of properties, or perhaps only to land or improvements. Therefore, in some cases there can be different rates for different properties located in the same set of taxing jurisdictions.

**Local Tax Rate Determination, Disparity Reduction Aid**

If a unique taxing area receives Disparity Reduction Aid (DRA), the initial tax rate for each taxing district receiving DRA in the unique taxing area must be reduced. The resulting rate is the local tax rate. DRA was created by the 1988 Legislature (M.S. 273.1398, subdivision 3) to provide relief for high tax rate areas. Unlike other aids that serve as non-property tax revenue and affect levy decisions, DRA is applied directly to rates. It has no effect on the state tax rates. (Remember we are talking about local rates so DRA does not affect the state tax rate or referendum rates.) DRA cannot reduce the total local tax rate below 90%. If the unique taxing area does not receive DRA, the local tax rate is equal to the initial tax rate.

Now that you are familiar with the different kinds of levies and can identify local tax rates (rather than initial tax rates), the state tax rate, and referendum tax rates, you are ready to explore the process of computing net tax capacities and taxes.
Part II - Gross Tax Computations

A. Calculating Taxable Market Value
Before net tax capacity can be calculated, the taxable market value of a parcel must be determined. As introduced in Part I, taxable market value is determined through the hierarchy of market value components:

1. Estimated Market Value
2. Green Acres Deferment
3. Rural Preserves Deferment
4. Open Space Deferment
5. Aggregate Resource Preservation Deferment
6. Platted Vacant Land Exclusion
7. “This Old House” Exclusion
8. “This Old Business” Exclusion
9. Disabled Veterans Exclusion
10. Mold Damage Reduction
11. MV Prior to Homestead MV Exclusion
12. Homestead Market Value Exclusion
13. Taxable Market Value (11-12)

Deferments, Exclusions, and Reductions—What is the difference?
Deferments, exclusions and reductions all affect the taxable market value, but they do so in different ways. The following table explains the basic differences between these special programs.

<table>
<thead>
<tr>
<th>Special Program Type</th>
<th>Function</th>
<th>Example</th>
</tr>
</thead>
</table>
| Deferment            | Allows qualified property owners to postpone payment of taxes | Rural Preserve  
                       |          | Senior Citizens Property Tax Deferral  
                       |          | Aggregate Resource Preservation  
                       |          | Open Space  
                       |          | Green Acres |
| Exclusion            | Excludes property value from taxation for various reasons | Plat Law  
                       |          | This Old House  
                       |          | This Old Business  
                       |          | Market Value Exclusion for Disabled Veterans  
                       |          | Homestead Market Value Exclusion |
| Reduction            | Reduces property value with the intent to keep taxes lower on certain properties | Mold Damage Reduction |

Exclusions and exemptions are often confused for one another. Properties that are exempt from taxes do not pay taxes. Exclusions, on the other hand, remove some of the value from the tax base. An owner of an exempt property would not pay any taxes, while an owner of a property with an exclusion could pay taxes. A property qualifying for an exclusion could still have taxable value, is still subject to special assessments, and so forth.
Deferments – Green Acres

The Green Acres deferral program was created in as a response to non-agricultural pressures on the values of agricultural properties in the seven-county metropolitan area.

The deferred taxes on a property enrolled in the Green Acres program become a lien on the property. Taxes are due when the land no longer qualifies for the deferral. Generally, a property no longer qualifies when it is sold, transferred, or subdivided.

When a payback is required, three years’ deferred taxes are due. The Department of Revenue’s Property Tax Information/Education section usually handles questions on Green Acres paybacks. For more information on this program, please refer to the Property Tax Administrator’s Manual or contact PropTax.Questions@state.mn.us.

Exclusions – Homestead Market Value Exclusion

Calculation of the homestead market value exclusion involves several steps. For a homestead valued at $76,000 or less, the exclusion is 40 percent of market value, yielding a maximum exclusion of $30,400 at $76,000 of market value. For a homestead valued between $76,000 and $413,800, the exclusion is $30,400 minus nine percent of the valuation over $76,000. For a homestead valued at $413,800 or more, there is no valuation exclusion. Detailed calculation examples are provided in Part II of this course.

If a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, not all the owners have qualifying relatives occupying the property, or solely because not all the spouses of owners occupy the property, the exclusion amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant’s percentage of ownership. When an owner-occupant’s spouse does not occupy the property, (and it does not receive a full homestead for the allowable instances when spouses can live apart), the percentage of ownership for the owner-occupant spouse is one-half of the couple’s ownership percentage.

The valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than zero. With respect to rounding, tax amounts may be rounded to the nearest even whole dollar. In other words, whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. (M.S. 276.04, subd. 2)

The market value exclusion not only affects taxable market value, but it affects the calculation of referendum market value as well. Referendum market value generally equals the taxable market value of all taxable property, excluding property classified as class 2 (ag/rural land), 4c(4) (student housing), or 4c(12) (noncommercial seasonal residential recreational or “cabins”). The portion of class 2a property consisting of the house, garage, and surrounding one acre of land of an agricultural homestead is included in referendum market value. However, in regards to this exclusion, in the case of class 1a, 1b or 2a property, the market value used to determine referendum market value is the value prior to the homestead market value exclusion. Note, however, that any class of property, or any portion of a class of property, that is included in the definition of referendum market value and that has a class rate of less than one percent, shall have a referendum market value equal to its market value (either the TMV or the market value prior to the homestead market value exclusion, whichever is appropriate) times its class rate, multiplied by 100.

An individual qualifying for the disabled veteran value exclusion is not eligible to receive the homestead market value exclusion benefit, (see M.S. 273.13, subd. 34, paragraph g).
Property classified as class 1a or 1b, and the portion of property classified as class 2a consisting of the house, garage and surrounding one acre of land, shall be eligible for a market value exclusion. The homestead market value exclusion was introduced briefly in Part I of this course; however, we will now focus on the actual calculation of the exclusion. The following examples will illustrate these calculations for different types of property, and following these examples will be problems for you to work through.
Example 1: Homestead Market Value Exclusion

<table>
<thead>
<tr>
<th>Class</th>
<th>1a Residential Homestead</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value Prior to HMVE</td>
<td>$280,000</td>
</tr>
</tbody>
</table>

**STEP 1** Determine the amount of value over $76,000

- $280,000 - $76,000 = $204,000

**STEP 2** Calculate the maximum exclusion amount

- $76,000 x 40% = $30,400

**STEP 3** Determine the reduction

- $204,000 x 9% = $18,360

**STEP 4** Calculate the exclusion amount

- $30,400 - $18,360 = $12,040
# Example 2: Homestead Market Value Exclusion

| Class                  | 1a Residential Homestead  
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3a Commercial</td>
</tr>
</tbody>
</table>
| Market Value Prior to HMVE | $40,000 Living Quarters  
|                        | $55,000 Store             |

**Step 1** Determine the amount of value over $76,000

- $40,000 - $76,000 = $0

**Step 2** Calculate the maximum exclusion amount

- $40,000 x 40% = $16,000

**Step 3** Determine the reduction

- $0

**Step 4** Calculate the exclusion amount

- $16,000 - $0 = $16,000
Example 3: Homestead Market Value Exclusion

| Class | 1a Residential Homestead  
|       | Two unrelated owners  
|       | Occupant has 50% interest  
| Market Value Prior to HMVE | $275,000 |

**STEP 1** Determine the amount of value over $76,000

- $275,000 - $76,000 = $199,000

**STEP 2** Calculate the maximum exclusion amount

- $76,000 x 40% = $30,400

**STEP 3** Determine the reduction

- $199,000 x 9% = $17,910

**STEP 4** Calculate the exclusion amount

- $30,400 - $17,910 = $12,490

**STEP 5** Fractionalize the exclusion

- $12,490 x 50% = $6,245
B. Local Net Tax Capacity Based Levies

1. Calculating Net Tax Capacities
   The net tax capacity for the parcel is based upon the taxable market value for each parcel and the use classification assigned by the assessor. The legislature has defined each type of property according to its use and assigned percentages called class rates. A table of these class rates is available to you in the Appendix - Resources section at the end of this document. If you haven’t already done so, you may wish to have it front of you for easy reference as you continue.

   The formula for net tax capacity is:

   **Net Tax Capacity = (Taxable Market Value) X (Classification Percentage)**

   You might be wondering whether we should be talking about net tax capacities (NTC) or taxable net tax capacities (TNTC).

   TNTC is used for calculating the rate because TIF, powerline, and fiscal disparity contribution values are not included in the base for raising property tax levies. However, the taxes are still imposed on these properties—which is to say that taxes are imposed on NTC. The revenue raised on TIF captured NTC becomes the supplemental increment revenue that funds TIF districts. The revenue raised on powerline NTC goes to fund powerline credits, and the revenue raised on fiscal disparity contribution NTC supplies the pooled funds distributed through the tax base sharing programs. The distribution levies are subtracted by the auditor when setting the rates so this shared pool doesn’t become funds in addition to the amount being levied.

   So in other words, rates are calculated using TNTC but taxes for each property are based on NTC.

2. Calculating Net Tax Capacity Tax
   Net tax capacity based tax is equal to the sum of all of the net tax capacity based local tax rates levied on the property by its local taxing districts (county, city or township, school district, and special taxing districts) multiplied by the net tax capacity of the property.

   **Net Tax Capacity Tax = (Net Tax Capacity) X (Sum of all local tax rates)**

   The following examples will illustrate these calculations for different types of property, and following these examples will be problems for you to work through.
Examples – Calculating Net Tax Capacity and Net Tax Capacity Tax
All three of the following examples are located in the same unique taxing area. (Remember a unique taxing area is an area with the same set of taxing jurisdictions so the same total rate applies to the property in that area.)

The county net tax capacity rate is 55.20%
The city rate is 34.90%
The school district rate is 10.10%
One special taxing district has a rate of 2.50%

The total net tax capacity rate can be computed as follows:

\[
\text{Total Net Tax Capacity Tax Rate} = \text{County Net Tax Capacity Rate} + \text{City Rate} + \text{School District Rate} + \text{Special Taxing District Rate} = 102.70\%
\]
Example 1: Net Tax Capacity Tax

<table>
<thead>
<tr>
<th>Class</th>
<th>1a Residential Homestead</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Market Value</td>
<td>$514,000</td>
</tr>
<tr>
<td>Net Tax Capacity Tax Rate</td>
<td>102.70%</td>
</tr>
</tbody>
</table>

**STEP 1 Determine the class rate**
- First $500,000 = 1.00%
- Over $500,000 = 1.25%

**STEP 2 Calculate the value in each tier**
- $514,000 - $500,000 = $14,000
- Tier 1: $500,000
- Tier 2: $14,000

**STEP 3 Calculate the net tax capacity**
- Tier 1: $500,000 x 1.00% = $5,000
- Tier 2: $14,000 x 1.25% = $175
- $5,000 + $175 = $5,175

**STEP 4 Calculate the net tax capacity tax**
- $5,175 x 102.70% = $5,315
Example 2: Net Tax Capacity Tax

<table>
<thead>
<tr>
<th>Class</th>
<th>2a Agricultural Homestead</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Market Value</td>
<td>$2,344,000</td>
</tr>
<tr>
<td>HGA: $199,000</td>
<td></td>
</tr>
<tr>
<td>Remainder: $2,145,000</td>
<td></td>
</tr>
<tr>
<td>Net Tax Capacity Tax Rate</td>
<td>102.70%</td>
</tr>
</tbody>
</table>

**STEP 1 Determine the class rate**
- HGA
  - First $500,000 = 1.00%
  - Over $500,000 = 1.25%
- Remainder
  - First $2,140,000 = 0.50%
  - Over $2,140,000 = 1.00%

**STEP 2 Calculate the value in each tier**
- HGA
  - Tier 1: $199,000
- Remainder
  - $2,140,000 - $2,140,000 = $5,000
  - Tier 1: $2,140,000
  - Tier 2: $5,000

**STEP 3 Calculate the net tax capacity**
- HGA
  - $199,000 x 1.00% = $1,990
- Remainder
  - Tier 1: $2,140,000 x 0.50% = $10,700
  - Tier 2: $5,000 x 1.00% = $50
- Total: $1,990 + $10,700 + $50 = $12,740

(Continued)
**Step 4 Calculate the net tax capacity tax**

- $12,740 \times 102.70\% = $13,084
Problems - Calculating Net Tax Capacity Tax

Okay, now it’s your turn. Below are five problems for you to work. The total net tax capacity tax rate is given, as are the property type and taxable market value. Use the class rate table to find the appropriate class rate(s) and calculate the NTC’s and taxes. When you are finished with the problem, you can check your answer with the solution on the following page.

Total Net Tax Capacity Tax Rate = 102.70%

**Problem #1:** Non-commercial seasonal residential recreational property (cabin) with a TMV of $140,000.

**Problem #2:** Residential Homestead with a TMV of $1,255,000.

**Problem #3:** Farm with a TMV of $465,000. HGA is valued at $165,000; remainder of farm is valued at $300,000.

**Problem #4:** Commercial property with a TMV of $270,000.

**Problem #5:** Split Class 4bb Residential Non-Homestead and 3a Commercial parcel consisting of a rental apartment over a hardware store. The rental unit has a TMV of $35,000, and the hardware store has a TMV of $77,000.
Solutions - Calculating Net Tax Capacity Tax

**Problem #1:** Non-commercial seasonal residential recreational property (cabin) with a TMV of $140,000.

1. Net Tax Capacity:
   
   $140,000 \times 1.00\% = $1,400

   **Total net tax capacity = $1,400**

2. Net Tax Capacity Tax: $1,400 \times 102.70\% = $1,438

**Problem #2:** Residential Homestead with a TMV of $1,255,000.

1. Net Tax Capacity:
   
   $500,000 \times 1.00\% = $5,000
   
   $755,000 \times 1.25\% = $9,438

   **Total net tax capacity = $14,438**

2. Net Tax Capacity Tax: $14,438 \times 102.70\% = $14,828

**Problem #3:** Farm with a TMV of $465,000. HGA is valued at $165,000; remainder of farm is valued at $300,000.

1. Net Tax Capacity:
   
   $165,000 \times 1.00\% = $1,650
   
   $300,000 \times 0.50\% = $1,500

   **Total net tax capacity = $3,150**

2. Net Tax Capacity Tax: $3,150 \times 102.70\% = $3,235

**Problem #4:** Commercial property with a TMV of $270,000.

1. Net Tax Capacity:
   
   $150,000 \times 1.50\% = $2,250
   
   $120,000 \times 2.00\% = $2,400

   **Total net tax capacity = $4,650**

2. Net Tax Capacity Tax: $4,650 \times 102.70\% = $4,776

**Problem #5:** Split Class 4bb Residential Non-Homestead and 3a Commercial parcel consisting of a rental apartment over a hardware store. The rental unit has a TMV of $35,000, and the hardware store has a TMV of $77,000.

1. Net Tax Capacity:
   
   $35,000 \times 1.00\% = $350
   
   $77,000 \times 1.50\% = $1,155

   **Total net tax capacity = $1,505**

2. Net Tax Capacity Tax: $1,505 \times 102.70\% = $1,546
C. Referendum Market Value Based Levies

Now that you can calculate local net tax capacity based levies, let’s take a look at referendum market value based levies.

The referendum market value based levy is equal to the referendum market value multiplied by the referendum market value tax rate. Let’s take a closer look at referendum market value.

1. Referendum Market Value

As we noted above, referendum market value means the taxable market value of all taxable property, with two exceptions.

First, certain types of property that are not subject to referendum levies are excluded. Excluded from Referendum Market Value are properties classified as:
- Class 2a farm land and buildings beyond the house, garage and first acre
- Class 2b timberland and non-homestead farm land and buildings beyond the house, garage and first acre
- Class 4c(12) non-commercial seasonal residential recreational (cabins)
- Class 4c(4) post-secondary student housing

Second, any class of property or any portion of a class of property that is included in the definition of referendum market value and that has a class rate of less than 1.00% shall have a referendum market value equal to its net tax capacity multiplied by 100. This basically preserves the proportion of relief relative to the homestead rate of 1.00%, but at an order of magnitude for market values rather than net tax capacities. As an example, for taxes payable in 2015, class 1b blind/disabled homesteads have a class rate of 0.45% on the first $50,000 of taxable market value.

The market value exclusion not only affects taxable market value, but it affects the calculation of referendum market value as well. Referendum market value generally equals the taxable market value of all taxable property, excluding property classified as class 2 (ag/rural land), 4c(4) (student housing), or 4c(12) (noncommercial seasonal residential recreational or “cabins”). The portion of class 2a property consisting of the house, garage, and surrounding one acre of land of an agricultural homestead is included in referendum market value. However, in regards to this exclusion, in the case of class 1a, 1b or 2a property, the market value used to determine referendum market value is the value prior to the homestead market value exclusion. Note, however, that any class of property, or any portion of a class of property, that is included in the definition of referendum market value and that has a class rate of less than one percent, shall have a referendum market value equal to its market value (either the TMV or the market value prior to the homestead market value exclusion, whichever is appropriate) times its class rate, multiplied by 100.

2. Referendum Market Value for All Taxing Districts for Taxes Payable in 2016

The following table summarizes referendum market value. If you haven’t already done so, you may wish to print it and have it front of you for easy reference as you continue.
<table>
<thead>
<tr>
<th>Class</th>
<th>Real Property Description</th>
<th>Referendum Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1b</td>
<td>Blind/Disabled/Homestead</td>
<td>45% of taxable market value of the first $50,000. 100% of taxable market value over $50,000.</td>
</tr>
<tr>
<td>1c</td>
<td>Ma &amp; Pa Resort</td>
<td>50% of taxable market value of the first $600,000. 100% of taxable market value over $600,000.</td>
</tr>
<tr>
<td>2a</td>
<td>Agricultural homestead land and buildings excluding HGA</td>
<td>$0</td>
</tr>
<tr>
<td>2b</td>
<td>Rural Vacant Land (Homestead remainder, Non-Homestead)</td>
<td>$0</td>
</tr>
<tr>
<td>4c(12)</td>
<td>Non-commercial seasonal recreational residential (cabins)</td>
<td>$0</td>
</tr>
<tr>
<td>4c(4)</td>
<td>Post-secondary student housing</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>All other property</td>
<td>100% of taxable market value</td>
</tr>
</tbody>
</table>

### 3. Referendum Market Value Levies

Referendum market value based levies are approved by the voters.

School operating referendum levies are voter-approved levies that are used for the day-to-day general operations of the school. All school debt levies must be based on net tax capacity, whether they are voter-approved or not.

Other local units of government, including counties, cities, towns and special taxing districts, may have voter-approved referendum levies for either operating purposes or debt. All of these non-school referendum levies are calculated on the referendum market value. None of them are calculated on net tax capacity.

Let’s take a look at some examples when given the rate and property type to see how RMV and the tax are calculated.
Example: Referendum Market Value Tax

<table>
<thead>
<tr>
<th>Class</th>
<th>2a Agricultural Homestead</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMV</td>
<td>$754,600</td>
</tr>
<tr>
<td></td>
<td>HGA Prior to HMVE: $60,000</td>
</tr>
<tr>
<td></td>
<td>Remainder: $694,600</td>
</tr>
<tr>
<td>RMV Rate</td>
<td>0.05382%</td>
</tr>
</tbody>
</table>

**Step 1 Determine the referendum market value**
- $60,000

**Step 2 Calculate the RMV Tax**
- $60,000 x 0.05382% = $32
Problems - Calculating Referendum Market Value Tax

It’s your turn again. Based on the given property types and tax rate, calculate Referendum Market Values and taxes for the following problems. When you are finished with the problem, you can check your answer with the solution on the following page.

The Referendum Market Value Tax Rate = 0.05382%

Problem #1: Cabin with a TMV of $140,000.

Problem #2: Residential Homestead with a TMV of $189,400. The owner qualifies as a disabled homestead.

Problem #3: Farm with a TMV of $465,000. HGA is $300,000; remainder is $165,000.

Problem #4: Commercial property with a TMV of $270,000.

Problem #5: Split Class 4bb Residential non-homestead and 3a Commercial consisting of a rental apartment over a hardware store. The rental unit has a TMV of $35,000, and the hardware store has a TMV of $77,000.
Solutions - Calculating Market Value Referendum Tax

Problem #1: Cabin with a TMV of $140,000.
1. Referendum Market Value: $0
2. Referendum Market Value Tax: $0

Did you catch this one? Seasonal residential recreational property is not subject to the referendum market value tax.

Problem #2: Residential Homestead with a TMV of $189,400. The owner qualifies as a disabled homestead.
1. Referendum Market Value: $161,900
   First $50,000 x 45% = $22,500
   Remainder ($189,400 - $50,000) = $139,400
   Total = $22,500 + $139,400 = $161,900
2. Referendum Market Value Tax: $161,900 X 0.05382% = $87

Problem #3: Farm with a TMV of $465,000. HGA is $300,000; remainder is $165,000.
1. Referendum Market Value: $300,000
2. Referendum Market Value Tax: $300,000 X 0.05382% = $161

Problem #4: Commercial property with a TMV of $270,000.
1. Referendum Market Value: $270,000
2. Referendum Market Value Tax: $270,000 X 0.05382% = $145

Problem #5: Split Class 4bb Residential non-homestead and 3a Commercial consisting of a rental apartment over a hardware store. The rental unit has a TMV of $35,000, and the hardware store has a TMV of $77,000.
1. Referendum Market Value: $112,000
2. Referendum Market Value Tax: $112,000 X 0.05382% = $60
D. State General Tax

The State General Tax was created to assist in the elimination of local school district general education levies in favor of greater state funding through school aids. The state tax levy amount is defined in statute and goes to the state’s general fund, along with many other state taxes, from which school aids are paid. The tax is imposed on business and seasonal recreational property (which received counterbalancing relief in the form of class rate reductions as a tradeoff for the new state tax). The state general tax is collected by the counties but is turned over to the state after collection.

The state general tax is apportioned into a commercial-industrial share and a seasonal residential recreational share. This provision states that 95% of the state general tax must be levied by applying a uniform rate to all commercial-industrial property and 5% must be levied by applying a uniform rate to all seasonal residential recreational property. Consequently, two separate tax rates are now certified each year.

State General Tax

The calculations are very similar to the calculations for local net tax capacity based taxes, (requiring the calculation of the net tax capacity and applying a rate to get the tax), but there are a couple of differences.

First, the net tax capacity base of the state tax is different from the net tax capacity base for local levies. The net tax capacity calculations are basically the same except that the applicable class rates are a little different for residential seasonal recreation property. The major difference is that the state tax base includes only a subset of property types. The following property classes are subject to the state general tax for taxes payable in 2016.

1. Class 3 commercial and industrial property, except for what is defined as the electric generation attached machinery of public utilities and any property of the Minneapolis-St. Paul International Airport and Holman Field in St. Paul.

2. Class 1c, third tier (the market value over $2,300,000)

3. Class 4c(1) seasonal residential recreational, commercial.


5. Class 4c(12) seasonal residential recreational, non-commercial.

For the purposes of the state general tax only, the net tax capacity of non-commercial class 4c(12) seasonal residential recreational property has the following class rate structure:

<table>
<thead>
<tr>
<th>Range</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$76,000</td>
<td>0.40%</td>
</tr>
<tr>
<td>$76,001 - $500,000</td>
<td>1.00%</td>
</tr>
<tr>
<td>Over $500,000</td>
<td>1.25%</td>
</tr>
</tbody>
</table>

6. Class 5(1) unmined iron ore property.

A second distinction from local net tax capacity based levies is seen in the rate. As mentioned above, the state general tax is levied at two uniform rates statewide - one for commercial-industrial, one for...
seasonal residential recreational - as calculated by the Department of Revenue. For taxes payable in 2016, the preliminary rates are as follows:

- the commercial-industrial state general levy property tax rate is 49% and
- the seasonal residential recreational state general levy property tax rate is 22%.

Each year, by January 1, the Commissioner of Revenue will announce the new state general tax rate.
Example 1: State General Tax

<table>
<thead>
<tr>
<th>Class</th>
<th>4c(12) Cabin</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMV</td>
<td>$314,000</td>
</tr>
<tr>
<td>SGT Rate</td>
<td>22%</td>
</tr>
</tbody>
</table>

**STEP 1 Determine the value for the state tax**

- First $76,000 = 0.40%
- $76,000 to $500,000 = 1.00%
- Over $500,000 = 1.25%

- $314,000 - $76,000 = $238,000
  - Tier 1: $76,000
  - Tier 2: $238,000

**STEP 2 Calculate the NTC for the state tax**

- Tier 1: $76,000 x 0.40% = $304
- Tier 2: $238,000 x 1.00% = $2,380

- $304 + $2,380 = $2,684

**STEP 3 Calculate the state general tax**

- $2,684 x 22% = $590
Example 2: State General Tax

<table>
<thead>
<tr>
<th>Class</th>
<th>1c Ma &amp; Pa Resort</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMV</td>
<td>$2,598,000</td>
</tr>
<tr>
<td>Homestead</td>
<td>$98,000</td>
</tr>
<tr>
<td>SGT Rate</td>
<td>22%</td>
</tr>
</tbody>
</table>

**Step 1: Determine the value for the state tax**

- First $600,000 = 0%
- $600,001 to $2,300,000 = 0%
- Over $2,300,000 = 1.25%
- $2,598,000 - $98,000 = $2,500,000
- $2,500,000 - $2,300,000 = $200,000
- Tier 3: $200,000

**Step 2: Calculate the NTC for the state tax**

- $200,000 x 1.25% = $2,500

**Step 3: Calculate the state general tax**

- $2,500 x 22% = $550
Problems - Calculating State Tax

It’s your turn to calculate some problems. Using the rates for taxes payable in 2016, determine the state net tax capacity and the state tax for the following properties. All values refer to taxable market values.

For the following examples, the state general property tax preliminary rates are 49.000% for commercial-industrial and 22.000% for seasonal residential recreational. When you are finished with the problem, you can check your answer with the solution on the following page.

**Problem #1:** Commercial/Industrial property valued at $179,000.

**Problem #2:** Cabin valued at $123,000.

**Problem #3:** Residential/Commercial/Commercial Seasonal Residential Recreational (Ma & Pa Resort) split class property valued at $2,965,000. The residential portion is valued at $135,000 and the commercial portion (restaurant) is valued at $130,000.
Solutions - Calculating State Tax

**Problem #1:** Commercial/Industrial property valued at $179,000.

1. Net Tax Capacity for the State Tax:
   - $150,000 x 1.50% = $2,250
   - $29,000 x 2.00% = $580
   - Total net tax capacity for the state tax = $2,830

2. State tax = $2,830 x 49.000% = $1,387

**Problem #2:** Cabin valued at $123,000.

1. Net Tax Capacity for the State Tax:
   - $76,000 X 0.40% = $304
   - ($123,000 - $76,000) X 1.00% = $470
   - Total net tax capacity for the state tax = $774

2. State Tax = $774 X 22.000% = $170

**Problem #3:** Residential/Commercial/Commercial Seasonal Residential Recreational (Ma & Pa Resort) split class property valued at $2,965,000. The residential portion is valued at $135,000 and the commercial portion (restaurant) is valued at $130,000.

1. Net Tax Capacity for the State Tax:
   - C-I State Net Tax Capacity = $130,000 x 1.50% = $1,950
   - SRR State Net Tax Capacity = ($2,700,000 - $2,300,000) x 1.25% = $5,000

2. State Tax Calculation:
   - C-I State Tax = $1,950 x 49.000% = $956
   - SRR State Tax = $5,000 x 22.000% = $1,100
   - TOTAL STATE TAX = $2,056
Part III - Credits and Computing Net Taxes

By now you should be pretty comfortable with the three types of levies and how to calculate the gross taxes for each type of levy prior to credits. At this point you are pretty far down the path of being able to compute and explain the components of a property’s tax. Next, we will take a look at the most common credit.

The ag homestead market value credit is based on taxable market value and increases up to a certain taxable market value amount, where it then plateaus.

**Agricultural Homestead Market Value Credit**
For taxes payable in 2016, property classed as Class 2a agricultural homestead beyond the HGA is eligible for an agricultural credit. The base credit is equal to 0.3% of the first $115,000 of the property’s remaining taxable market value beyond the HGA. The credit increases by 0.1% of the taxable market value in excess of $115,000, subject to a maximum credit of $490. This means that the maximum credit of $490 is achieved for agricultural homesteads valued at $260,000 or more.
Example 1: Agricultural Homestead Market Value Credit

<table>
<thead>
<tr>
<th>Class</th>
<th>2a Agricultural Homestead</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMV</td>
<td>$304,000</td>
</tr>
<tr>
<td></td>
<td>HGA: $105,000</td>
</tr>
<tr>
<td></td>
<td>Remainder: $199,000</td>
</tr>
</tbody>
</table>

**Step 1** Determine the value for credit base and increase

- $199,000 - $115,000 = $84,000
- Base: $115,000
- Increase: $84,000

**Step 2** Calculate the credit base and increase

- Base: $115,000 x 0.30% = $345
- Increase: $84,000 x 0.10% = $84

**Step 3** Calculate the total credit

- $345 + $84 = $429
Net Tax

Calculating Net Tax
The net tax on a parcel can be determined as follows:

A. Estimated Market Value
   Less
B. Any applicable Deferments, Exclusions, Reductions
   Equals
C. MV Prior to Homestead MV Exclusion
   Less
D. Homestead Market Value Exclusion
   Equals
E. Taxable Market Value
   Times
F. Class Rate
   Equals
G. Net Tax Capacity
   Times
H. Net Tax Capacity Tax Rate
   Plus
I. The referendum market value tax
   Plus
J. The state tax
   Less
K. Any applicable credits
Part IV - Comprehensive Tax Calculations: Problems

Now that you know how to calculate each of the parts of the net tax computation, let’s put them all together. On the following pages are comprehensive problems that become increasingly complex, but if you solve each of the parts of the basic formula separately, and then put them all together, you’ll be done before you know it.

Basic Formula for Calculating Net Tax:

(A) Local NTC Tax + (B) Ref. MV Tax + (C) State Tax - (D) Credits = (E) Net Tax

If you do not understand any part of each problem, be sure to go back and review the section that introduced the concept.
Comprehensive Tax Calculations - Problem 1

Basic Formula for Calculating Net Tax:

Please use the following tax rates when calculating the net tax:
- The local tax rate is 76.942%
- The total referendum market value rate is 0.05687%.
- The preliminary state tax rate for commercial-industrial is 49.000%.
- The preliminary state tax rate for seasonal residential is 22.000%

Problem 1: Residential Homestead –
Residential Homestead (Class 1a) parcel with an estimated market value of $249,000.

(Solution is on the next page)
Comprehensive Tax Calculations - Problem 1 Solution

Problem #1: Residential Homestead –
Residential Homestead (Class 1a) parcel with an estimated market value of $249,000.

A. Taxable Market Value (If you have forgotten how to calculate taxable market value or the homestead market value exclusion, return to page 8.)

Estimated Market Value – Reductions = Market Value Prior to Homestead MV Exclusion
$249,000 - $0 = $249,000

MV Prior to Homestead MV Exclusion – MV Homestead Exclusion = Taxable Market Value
$76,000 x 40% = $30,400
$249,000 - $76,000 = $173,000
$173,000 x 9% = $15,570
$30,400 - $15,570 = $14,830 (exclusion amount)

$249,000 - $14,830 = $234,170 (TMV)

B. Net Tax Capacity Tax (If you have forgotten how to calculate net tax capacity tax, return to page 11.)

Net Tax Capacity = Taxable Market Value x Class Rate
$234,170 x 1.00% = $2,342

Net Tax Capacity Tax = Net Tax Capacity x Local Tax Rate
$2,342 x 76.942% = $1,802

C. Referendum Market Value Tax (If you have forgotten how to calculate referendum market value tax, return to page 16.)

Referendum Market Value Tax = RMV X RMV Tax Rate
Referendum Market Value = $249,000
Referendum Market Value Tax = $249,000 x 0.05687% = $142

D. State Tax (If you have forgotten how to calculate state tax, return to page 21.)

State Tax = State Net Tax Capacity X State tax rate
State Net Tax Capacity = $0
State Tax = $0

E. Credits (If you have forgotten how to calculate credits, return to page 26.)
This property receives no credits

F. Net Tax = B + C + D - E
= $1,802 + $142 + $0 - $0 = $1,944
Comprehensive Tax Calculations - Problem 2

Please use the following tax rates when calculating the net tax:

The local tax rate is 76.942%.
The total referendum market value rate is 0.05687%.
The preliminary state tax rate for commercial-industrial is 49.000%.
The preliminary state tax rate for seasonal residential is 22.000%

**Problem 2:** Agricultural Homestead –
A 160-acre farm parcel (2a) with an estimated market value of $279,000. The house, garage and first acre have a value of $120,000. The remainder of the farm is valued at $159,000.

*(Solution is on the next page)*
Comprehensive Tax Calculations - Problem 2 Solution

**Problem 2: Agricultural Homestead –**

A 160-acre farm parcel (2a) has an estimated market value of $279,000. The house, garage and first acre have a value of $120,000. The remainder of the farm is valued at $159,000.

**A. Taxable Market Value** (If you have forgotten how to calculate taxable market value or the homestead market value exclusion, return to page 8.)

- **Estimated Market Value – Reductions = Market Value Prior to Homestead MV Exclusion**
  
  $279,000 - $0 = $279,000

- **MV Prior to Homestead MV Exclusion – MV Homestead Exclusion = Taxable Market Value**
  
  $76,000 \times 40\% = $30,400
  
  $120,000 - $76,000 = $44,000
  
  $44,000 \times 9\% = $3,960
  
  $30,400 - $3,960 = $26,440 \text{ (exclusion amount)}

  $120,000 - $26,440 = $93,560 \text{ (HGA TMV)}
  
  $93,560 + $159,000 = $252,560 \text{ (TMV)}

**B. Net Tax Capacity Tax** (If you have forgotten how to calculate net tax capacity tax, return to page 11.)

- **Net Tax Capacity = Taxable Market Value \times Class Rate**
  
  HGA: $93,560 \times 1.00\% = $936
  
  Remainder of farm: $159,000 \times 0.50\% = $795
  
  Total Net Tax Capacity = $936 + $795 = $1,731

**C. Referendum Market Value Tax** (If you have forgotten how to calculate referendum market value tax, return to page 16.)

- **Referendum Market Value Tax = RMV \times RMV Tax Rate**
  
  Referendum Market Value = $120,000
  
  Referendum Market Value Tax = $120,000 \times 0.05687\% = $68

**D. State Tax** (If you have forgotten how to calculate state tax, return to page 21.)

- **State Tax = State Net Tax Capacity \times State tax rate**
  
  State Net Tax Capacity = $0
  
  State Tax = $0

**E. Credits** (If you have forgotten how to calculate credits, return to page 26.)

- **Agricultural Homestead Credit = Base Credit + Credit Increase**
  
  Base credit: $115,000 \times 0.3\% = $345
  
  Credit increase: ($159,000 - $115,000) \times 0.1\% = $44
  
  Final credit: $345 + $44 = $389

**F. Net Tax = B + C + D - E**

  =$1,332 + $68 + $0 - $389 = $1,011
Comprehensive Tax Calculations - Problem 3

Please use the following tax rates when calculating the net tax:
- The local tax rate is 76.942%
- The total referendum market value rate is 0.05687%.
- The preliminary state tax rate for commercial-industrial is 49.000%.
- The preliminary state tax rate for seasonal residential is 22.000%

**Problem 3**: Commercial –
Commercial (class 3a) parcel with an estimated market value of $352,000.

(Solution is on the next page)
Problem 3: Commercial –
A commercial (Class 3a) parcel with an estimated market value of $352,000.

A. Taxable Market Value (If you have forgotten how to calculate taxable market value or the homestead market value exclusion, return to page 8.)

Estimated Market Value – Reductions = Market Value Prior to Homestead MV Exclusion
$352,000 - $0 = $352,000

MV Prior to Homestead MV Exclusion – MV Homestead Exclusion = Taxable Market Value
$352,000 - $0 = $352,000

B. Net Tax Capacity Tax (If you have forgotten how to calculate net tax capacity tax, return to page 11.)

Net Tax Capacity = Taxable Market Value x Class Rate
$150,000 x 1.50% = $2,250
$202,000 x 2.00% = $4,040
Total Net Tax Capacity = $6,290

Net Tax Capacity Tax = Net Tax Capacity x Local Tax Rate
$6,290 x 76.942% = $4,840

C. Referendum Market Value Tax (If you have forgotten how to calculate referendum market value tax, return to page 16.)

Referendum Market Value Tax = RMV X RMV Tax Rate
Referendum Market Value = $352,000
Referendum Market Value Tax = $352,000 x 0.05687% = $200

D. State Tax (If you have forgotten how to calculate state tax, return to page 21.)

State Tax = State Net Tax Capacity X State tax rate
State Net Tax Capacity = $6,290
State Tax = $6,290 x 49.000% = $3,082

E. Credits (If you have forgotten how to calculate credits, return to page 26.)
This property receives no credits.

F. Net Tax = B + C + D - E
= $4,840 + $200 + $3,082 - $0 = $8,122
Comprehensive Tax Calculations - Problem 4

Please use the following tax rates when calculating the net tax:
- The local tax rate is 76.942%.
- The total referendum market value rate is 0.05687%.
- The preliminary state tax rate for commercial-industrial is 49.000%.
- The preliminary state tax rate for seasonal residential is 22.000%.

**Problem 4:** Disabled Homestead – Residential Homestead, class 1b, with an estimated market value of $200,000.

*(Solution is on the next page)*
Comprehensive Tax Calculations - Problem 4 Solution

**Problem 4**: Disabled Homestead –
This is a Residential Homestead, class 1b, with an estimated market value of $200,000.

**A. Taxable Market Value** (If you have forgotten how to calculate taxable market value or the homestead market value exclusion, return to page 8.)

Estimated Market Value – Reductions = Market Value Prior to Homestead MV Exclusion

$200,000 - $0 = $200,000

MV Prior to Homestead MV Exclusion – MV Homestead Exclusion = Taxable Market Value

$76,000 x 40% = $30,400

$200,000 - $76,000 = $124,000

$124,000 x 9% = $11,160

$30,400 - $11,160 = $19,240 (exclusion amount)

$200,000 - $19,240 = $180,760 (TMV)

**B. Net Tax Capacity Tax** (If you have forgotten how to calculate net tax capacity tax, return to page 11.)

Net Tax Capacity = Taxable Market Value x Class Rate

$50,000 x 0.45% = 225

$130,760 x 1.00% = $1,308

Total Net Tax Capacity = $1,533

Net Tax Capacity Tax = Net Tax Capacity x Local Tax Rate

$1,533 x 76.942% = $1,180

**C. Referendum Market Value Tax** (If you have forgotten how to calculate referendum market value tax, return to page 16.)

Referendum Market Value Tax = RMV X RMV Tax Rate

Referendum Market Value:

First $50,000 = $50,000 x 45% = $22,500

Remainder = $150,000 x 100% = $150,000

Total Referendum Market Value = $172,500

Referendum Market Value Tax = $172,500 x 0.05687% = $98

**D. State Tax** (If you have forgotten how to calculate state tax, return to page 21.)

State Tax = State Net Tax Capacity x State tax rate

State Net Tax Capacity = $0

State Tax = $0

**E. Credits** (If you have forgotten how to calculate credits, return to page 26.)

This property receives no credits

**F. Net Tax** = B + C + D - E

= $1,180 + $98 + $0 - $0 = $1,278
Comprehensive Tax Calculations - Problem 5

Please use the following tax rates when calculating the net tax:
- The local tax rate is 76.942%
- The total referendum market value rate is 0.05687%.
- The preliminary state tax rate for commercial-industrial is 49.000%.
- The preliminary state tax rate for seasonal residential is 22.000%

**Problem 5:** Residential Non-Homestead –
Single family dwelling rented to unrelated parties, classified as 4bb. The estimated market value is $85,000.

(Solution is on the next page)
Problem 5: Residential Non-Homestead –
This problem is a single family dwelling that is rented out to unrelated parties. The estimated market value is $85,000. It qualifies for class 4bb.

A. Taxable Market Value (If you have forgotten how to calculate taxable market value or the homestead market value exclusion, return to page 8.)

Estimated Market Value – Reductions = Market Value Prior to Homestead MV Exclusion
$85,000 - $0 = $85,000
MV Prior to Homestead MV Exclusion – MV Homestead Exclusion = Taxable Market Value
$85,000 - $0 = $85,000

B. Net Tax Capacity Tax (If you have forgotten how to calculate net tax capacity tax, return to page 11.)

Net Tax Capacity = Taxable Market Value x Class Rate
$85,000 x 1.00% = $850
Total Net Tax Capacity = $850
Net Tax Capacity Tax = Net Tax Capacity x Local Tax Rate
$850 x 76.942% = $654

C. Referendum Market Value Tax (If you have forgotten how to calculate referendum market value tax, return to page 16.)

Referendum Market Value Tax = RMV X RMV Tax Rate
Referendum Market Value = $85,000
Referendum Market Value Tax = $85,000 x 0.05687% = $48

D. State Tax (If you have forgotten how to calculate state tax, return to page 21.)

State Tax = State Net Tax Capacity X State tax rate
State Net Tax Capacity = $0
State Tax = $0

E. Credits (If you have forgotten how to calculate credits, return to page 26.)

No credits apply to this property.

F. Net Tax = B + C + D - E
= $654 + $48 + $0 - $0 = $702
Comprehensive Tax Calculations - Problem 6

Please use the following tax rates when calculating the net tax:
- The local tax rate is 76.942%
- The total referendum market value rate is 0.05687%.
- The preliminary state tax rate for commercial-industrial is 49.000%.
- The preliminary state tax rate for seasonal residential is 22.000%

**Problem 6: Agricultural Non-Homestead** –
A 100-acre farm parcel with an estimated market value of $190,000. The house and surrounding land have a value of $72,000. The remainder of the farm is valued at $118,000. The entire farm is rented out.

*(Solution is on the next page)*
Comprehensive Tax Calculations - Problem 6 Solution

Problem 6: Agricultural Non-Homestead – 
A 100-acre farm parcel has an estimated market value of $190,000. The house and surrounding land have a value of $72,000. The remainder of the farm is valued at $118,000. The entire farm is rented out.

A. Taxable Market Value
   Estimated Market Value – Reductions = Market Value Prior to Homestead MV Exclusion
   $190,000 - $0 = $190,000
   MV Prior to Homestead MV Exclusion – MV Homestead Exclusion = Taxable Market Value
   $190,000 - $0 = $190,000

B. Net Tax Capacity Tax (If you have forgotten how to calculate net tax capacity tax, return to page11.)
   Net Tax Capacity = Taxable Market Value x Class Rate
   HGA: $72,000 x 1.00% = $720
   Remainder of farm: $118,000 x 1.00% = $1,180
   Total Net Tax Capacity = $720 + $1,180 = $1,900
   Net Tax Capacity Tax = Net Tax Capacity x Local Tax Rate
   $1,900 x 76.942% = $1,462

C. Referendum Market Value Tax (If you have forgotten how to calculate referendum market value tax, return to page16.) The house is subject to RMV because it would be classified as 4bb property.
   Referendum Market Value Tax = RMV X RMV Tax Rate
   Referendum Market Value = $72,000
   Referendum Market Value Tax = $72,000 x 0.05687% = $41

D. State Tax (If you have forgotten how to calculate state tax, return to page21.)
   State Tax = State Net Tax Capacity X State tax rate
   State Net Tax Capacity = $0
   State Tax = $0

E. Credits (If you have forgotten how to calculate credits, return to page26.)
   No credits apply to this property.

F. Net Tax = B + C + D - E
   = $1,462 + $41 + $0 - $0 = $1,503
Comprehensive Tax Calculations - Problem 7

Please use the following tax rates when calculating the net tax:
- The local tax rate is 76.942%.
- The total referendum market value rate is 0.05687%.
- The preliminary state tax rate for commercial-industrial is 49.000%.
- The preliminary state tax rate for seasonal residential is 22.000%

Problem 7: Non-Commercial Seasonal Residential Recreational (Cabin) –
Private cabin used seasonally with an estimated market value of $655,000.

(Solution is on the next page)
Comprehensive Tax Calculations - Problem 7 Solution

Problem 7: Non-Commercial Seasonal Residential Recreational (Cabin) -
A private cabin used seasonally with an estimated market value of $655,000.

A. Taxable Market Value (If you have forgotten how to calculate taxable market value or the homestead market value exclusion, return to page 8.)
   Estimated Market Value – Reductions = Market Value Prior to Homestead MV Exclusion
   $655,000 - $0 = $655,000
   MV Prior to Homestead MV Exclusion – MV Homestead Exclusion = Taxable Market Value
   $655,000 - $0 = $655,000

B. Net Tax Capacity Tax (If you have forgotten how to calculate net tax capacity tax, return to page 11.)
   Net Tax Capacity = Taxable Market Value x Class Rate
   $500,000 x 1.00% = $5,000
   $155,000 x 1.25% = $1,938
   Total Net Tax Capacity = $6,938
   Net Tax Capacity Tax = Net Tax Capacity x Local Tax Rate
   $6,938 x 76.942% = $5,338

C. Referendum Market Value Tax (If you have forgotten how to calculate referendum market value tax, return to page 16.)
   Referendum Market Value Tax = RMV X RMV Tax Rate
   Referendum Market Value = $0
   Referendum Market Value Tax = $0

D. State Tax (If you have forgotten how to calculate state tax, return to page 21.)
   State Tax = State Net Tax Capacity X State tax rate
   State Net Tax Capacity = $76,000 x 0.40% = $304
   $424,000 x 1.00% = $4,240
   $155,000 x 1.25% = $1,938
   Total State Net Tax Capacity = $6,482
   State Tax = $6,482 x 22.00% = $1,426

E. Credits (If you have forgotten how to calculate credits, return to page 26.)
   No credits apply to this property.

F. Net Tax = B + C + D - E
   = $5,338 + $0 + $1,426 - $0 = $6,764
Comprehensive Tax Calculations - Problem 8

Please use the following tax rates when calculating the net tax:
   - The local tax rate is 76.942%
   - The total referendum market value rate is 0.05687%.
   - The preliminary state tax rate for commercial-industrial is 49.000%.
   - The preliminary state tax rate for seasonal residential is 22.000%

**Problem 8: Residential Homestead Split Class –**
A parcel contains a two-story building with an estimated market value of $175,000. The first floor consists of a general store with an EMV of $115,000. The second floor is the owner’s home, and it has an EMV of $60,000.

(Solution is on the next page)
Comprehensive Tax Calculations - Problem 8 Solution

Problem 8: Residential Homestead Split Class -
A parcel contains a two-story building with an estimated market value of $175,000. The first floor consists of a general store with an EMV of $115,000. The second floor is the owner’s home, and it has an EMV of $60,000.

A. Taxable Market Value (If you have forgotten how to calculate taxable market value or the homestead market value exclusion, return to page 8.)
   Estimated Market Value – Reductions = Market Value Prior to Homestead MV Exclusion
   $175,000 - $0 = $175,000
   MV Prior to Homestead MV Exclusion – MV Homestead Exclusion = Taxable Market Value
   $60,000 x 40% = $24,000 (exclusion amount)
   $60,000 - $24,000 = $36,000 (Home TMV)
   $115,000 + $36,000 = $151,000 (TMV)

B. Net Tax Capacity Tax (If you have forgotten how to calculate net tax capacity tax, return to page 11.)
   Net Tax Capacity = Taxable Market Value x Class Rate
   $36,000 x 1.00% = $360
   $115,000 x 1.50% = $1,725
   Total Net Tax Capacity = $2,085
   Net Tax Capacity Tax = Net Tax Capacity x Local Tax Rate
   $2,085 x 76.942% = $1,604

C. Referendum Market Value Tax (If you have forgotten how to calculate referendum market value tax, return to page 16.)
   Referendum Market Value Tax = RMV X RMV Tax Rate
   Referendum Market Value = $175,000
   Referendum Market Value Tax = $175,000 x 0.05687% = $100

D. State Tax (If you have forgotten how to calculate state tax, return to page 21.)
   State Tax = State Net Tax Capacity X State tax rate
   State Net Tax Capacity = $115,000 x 1.50% = $1,725
   State Tax = $1,725 x 49.000% = $845

E. Credits (If you have forgotten how to calculate credits, return to page 26.)
   No credits apply to this property

F. Net Tax = B + C + D - E
   = $1,604 + $100 + $845 - $0 = $2,549
Comprehensive Tax Calculations - Problem 9

Please use the following tax rates when calculating the net tax:
- The local tax rate is 76.942%.
- The total referendum market value rate is 0.05687%.
- The preliminary state tax rate for commercial-industrial is 49.000%.
- The preliminary state tax rate for seasonal residential is 22.000%

**Problem 9: Commercial Seasonal Residential Recreational (Resort), Class 1c** –
A seven-acre parcel of property has an estimated market value of $2,570,000. The value attributed to the owner’s home is $90,000 and is classified as 1a. There is a bar on the property, however, that is open all year long. It is classified as 3a commercial and is valued at $80,000.

*(Solution is on the next page)*
Comprehensive Tax Calculations - Problem 9 Solution

Problem 9: Commercial Seasonal Residential Recreational (Resort), Class 1c -
A seven-acre parcel of property has an estimated market value of $2,570,000. The value attributed to
the owner’s home is $90,000 and is classified as 1a. There is a bar on the property, however, that is open
all year long. It is classified as 3a commercial and is valued at $80,000.

A. Taxable Market Value (If you have forgotten how to calculate taxable market value or the
homestead market value exclusion, return to page 8.)
Estimated Market Value – Reductions = Market Value Prior to Homestead MV Exclusion
$2,570,000 - $0 = $2,570,000
MV Prior to Homestead MV Exclusion – MV Homestead Exclusion = Taxable Market Value
$76,000 x 40% = $30,400
$90,000 - $76,000 = $14,000
$14,000 x 9% = $1,260
$30,400 - $1,260 = $29,140 (exclusion amount)

$90,000 - $29,140 = $60,860 (Home TMV)
$60,860 + 2,400,000 + $80,000 = $2,540,860 (TMV)

B. Net Tax Capacity Tax (If you have forgotten how to calculate net tax capacity tax, return to page 11.)
Net Tax Capacity = Taxable Market Value x Class Rate
(Owner’s Home (Class 1a)) $60,860 x 1.00% = $609
(Commercial Seasonal Rec. – Class 1a – Class 3a) Total TMV = $2,400,000
$60,000 x 0.50% = $3,000
$1,700,000 x 1.00% = $17,000
$100,000 x 1.25% = $1,250
Total SRR NTC = $21,250
(Bar (Class 3a)) $ 80,000 x 1.50% = $1,200
Total Net Tax Capacity = $23,059
Net Tax Capacity Tax = Net Tax Capacity x Local Tax Rate
$23,059 x 76.942% = $17,742

C. Referendum Market Value Tax (If you have forgotten how to calculate referendum market value
tax, return to page 16.)
Referendum Market Value Tax = RMV X RMV Tax Rate
Referendum Market Value = $90,000 + $80,000 + ($600,000 x 50%) + $1,700,000 +
$100,000 = $2,270,000
Referendum Market Value Tax = $2,270,000 x 0.05687% = $1,291

D. State Tax (If you have forgotten how to calculate state tax, return to page 21.)
State Tax = Apportioned State Net Tax Capacity x Applicable State tax rate
C-I State Net Tax Capacity = $80,000 x 1.50% = $1,200
SRR State Net Tax Capacity = ($2,400,000 - $2,300,000) x 1.25% = $1,250
C-I State Tax = $1,200 x 49.000% = $588
SRR State Tax = $1,250 x 22.000% = $275
Total State Tax = $588 + $275 = $863

55
E. Credits (If you have forgotten how to calculate credits, return to page 26.)
   No credits apply to this property

F. Net Tax = B + C + D - E
   = $17,742 + $1,291 + $863 - $0 = $19,896
Comprehensive Tax Calculations - Problem 10

Please use the following tax rates when calculating the net tax:
- The local tax rate is 76.942%.
- The total referendum market value rate is 0.05687%.
- The preliminary state tax rate for commercial-industrial is 49.000%.
- The preliminary state tax rate for seasonal residential is 22.000%.

Problem 10: Fractional Agricultural Homestead/Non-homestead –
A 160-acre farm parcel has an estimated market value of $279,000. The farm is equally owned by two unrelated people. One of the people is occupying the property as a homestead, but the other person does not live there. The house, garage and first acre have a value of $120,000. The remainder of the farm is valued at $159,000.

(Solution is on the next page)
**Comprehensive Tax Calculations - Problem 10 Solution**

**Problem 10**: Fractional Agricultural Homestead/Non-homestead –
Here’s a tricky one. A 160-acre farm parcel has an estimated market value of $279,000. The farm is equally owned by two unrelated people. One of the people is occupying the property as a homestead, but the other person does not live there. The house, garage and first acre have a value of $120,000. The remainder of the farm is valued at $159,000.

**A. Taxable Market Value** (If you have forgotten how to calculate taxable market value or the homestead market value exclusion, return to page 8.)
Estimated Market Value – Reductions = Market Value Prior to Homestead MV Exclusion

\[
\begin{align*}
\text{Estimated Market Value} & = 279,000 \\
\text{Reduction} & = 0 \\
\text{Market Value Prior to Homestead MV Exclusion} & = 279,000 \\
\end{align*}
\]

\[
\begin{align*}
\text{MV Prior to Homestead MV Exclusion} & - \text{MV Homestead Exclusion} = \text{Taxable Market Value} \\
$76,000 \times 40\% &= 30,400 \\
$120,000 - $76,000 &= 44,000 \\
$44,000 \times 9\% &= 3,960 \\
$30,400 - $3,960 &= 26,440 \text{ (exclusion amount)} \\
$26,440 \times 50\% &= 13,220 \text{ (fractionalized ownership exclusion)} \\
\end{align*}
\]

\[
\begin{align*}
\text{Taxable Market Value} & = 279,000 - 120,000 - 159,000 \\
& = 4,000 \\
\end{align*}
\]

**Hint**: When calculating net tax capacity for fractional properties, first multiply the owner-occupant’s fractional interest in the property by the TMV of each class of property. Then proceed with your calculations on each portion.

Homestead HGA: 50\% \times $106,780 = $53,390
Non-homestead HGA: 50\% \times $106,780 = $53,390
Homestead remainder of farm: 50\% \times $159,000 = $79,500
Non-homestead remainder of farm: 50\% \times $159,000 = $79,500

**B. Net Tax Capacity Tax** (If you have forgotten how to calculate net tax capacity tax, return to page 11.)
Net Tax Capacity = Taxable Market Value x Class Rate

\[
\begin{align*}
\text{Homestead HGA} & \text{: } 53,390 \times 1.00\% = 534 \\
\text{Non-homestead HGA} & \text{: } 53,390 \times 1.00\% = 534 \\
\text{Homestead remainder of farm} & \text{: } 79,500 \times 0.50\% = 398 \\
\text{Non-homestead remainder of farm} & \text{: } 79,500 \times 1.00\% = 795 \\
\text{Total Net Tax Capacity} & = 534 + 534 + 398 + 795 = 2,261 \\
\end{align*}
\]

\[
\begin{align*}
\text{Net Tax Capacity Tax} & = \text{Net Tax Capacity x Local Tax Rate} \\
& = 2,261 \times 76.942\% = 1,740 \\
\end{align*}
\]

(continued on next page)
C. Referendum Market Value Tax (If you have forgotten how to calculate referendum market value tax, return to page16.)
   Referendum Market Value Tax = RMV X RMV Tax Rate
   Referendum Market Value = $120,000
   Referendum Market Value Tax = $120,000 x 0.05687% = $68

D. State Tax (If you have forgotten how to calculate state tax, return to page21.)
   State Tax = State Net Tax Capacity X State tax rate
   State Net Tax Capacity = $0
   State Tax = $0

E. Credits (If you have forgotten how to calculate credits, return to page26.)
   Initial Agricultural Homestead Credit = Base Credit + Credit Increase
   Base credit: $115,000 x 0.3% = $345
   Credit reduction: ($159,000 - $115,000) x .1% = $44
   Initial Credit: $345 + $44 = $389
   Final Agricultural Homestead Credit = (Initial Credit) x (Homestead Percentage)
   Final credit: $389 x 50% = $195

F. Net Tax = B + C + D - E
   = $1,740 + $68 + $0 - $195 = $1,613
Part VI. Understanding a Property Tax Statement

If you are a county employee who is taking this course to be certified for your county in tax calculations, the purpose of this certification is largely intended to help you explain to taxpayers who come in with questions about how their tax was computed. These taxpayers may often also have questions about their tax statements and what the line items represent. Even if you are just taking this course to better understand the tax calculation process, you may also benefit from becoming more familiar with the tax statement. In this section, we are going to look at property tax statements in Minnesota and relate it to what we have just learned. It will help you to connect what you have learned in this course to the property tax statement.

About the Property Tax Statement

Most of the elements of the statement are required by law or prescribed by the Department of Revenue, but specific formats for tax statements can vary by county. You might expect the tax statement to walk through the tax calculations, but this is not the case. Instead, several pieces of information relating to the “behind-the-scenes” calculations are presented in line items to communicate some of the factors affecting your tax and where your tax dollars go. The state wants to ensure that the relief mechanisms that the legislature has built into the system are visible, and lawmakers want to make sure taxpayers know where their tax dollars are going (so presumably they know whom to hold accountable).

There are several other pieces of information contained on the statement. First, you will notice certain components or features of the statement: 1) the county specific header; 2) a block of information containing the property identification number and all owners’ names and addresses; 3) a block of information containing the property classification and assessed values; 4) that two years of information are listed on each property tax statement; and 5) a bottom section of the statement usually contains tear off portions for first and second half payments including the amount due and where it should be paid.

The assessment information includes key information that we have addressed in this course. The use classification that the assessor has assigned to the property should be here, along with the amount of new improvements noted. “Improvements Excluded” is primarily for properties under the “This Old House” or “This Old Business” program. (For information about these programs see the related fact sheets on the Department of Revenue website www.revenue.state.mn.us) The estimated and taxable market values are also shown here. Frequently, taxpayers will gravitate to these values once they know the taxes that are due even though separate valuation notices are sent and the chance to appeal those values has long passed once tax statements go out.

A sample property tax statement and instructions for county treasurers available online at www.revenue.state.mn.us. Type “Property Tax Statements” into the search box at the top of the screen.
# APPENDIX – Resources

<table>
<thead>
<tr>
<th>Class</th>
<th>Description</th>
<th>Tier</th>
<th>NTC Class Rate</th>
<th>Subject to RMV Tax</th>
<th>Subject to State Tax</th>
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<tr>
<td>1a</td>
<td>Residential Homestead</td>
<td>First $500,000</td>
<td>1.06%</td>
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<td>No</td>
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<td>Over $500,000</td>
<td>1.15%</td>
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<td>Blind/Disabled Homestead</td>
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<td>1c</td>
<td>Motel &amp; Inn</td>
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<td>Yes-50%</td>
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<td>Over $500,000</td>
<td>1.15%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>2a</td>
<td>Agricultural Homestead - House, Garage, 1 Acre (HGA)</td>
<td>First $500,000</td>
<td>1.06%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over $500,000</td>
<td>1.15%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>2d</td>
<td>Agricultural Homestead - First tier</td>
<td>First $52,500,000</td>
<td>1.06%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>3a/3b</td>
<td>Farm Entitled Excess First Tier</td>
<td>Unissued First $2,140,000</td>
<td>0.56%</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>3a</td>
<td>Agricultural - Non-Homestead or Excess First Tier</td>
<td>First $2,140,000</td>
<td>1.06%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>3b</td>
<td>Rural Vacant Land</td>
<td>First $500,000</td>
<td>1.06%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>4c</td>
<td>Managed Forest Land</td>
<td>First $500,000</td>
<td>0.56%</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>4d</td>
<td>Private Airport</td>
<td>First $500,000</td>
<td>1.06%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>3e</td>
<td>Commercial/Industrial</td>
<td>First $500,000</td>
<td>1.06%</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over $1,000,000</td>
<td>2.00%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Electric Generation Public Utility Machinery</td>
<td>First $500,000</td>
<td>2.00%</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over $1,000,000</td>
<td>2.00%</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>4a</td>
<td>Residential Non-Homestead 8+ Units (Apartments)</td>
<td>1.15%</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4b</td>
<td>Residential Non-Homestead 1-3 Units</td>
<td>1.15%</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4c</td>
<td>Agricultural Non-Homestead Residence (1-3 units)</td>
<td>1.15%</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4d</td>
<td>Residential Non-Homestead Single Unit, incl. on ag land</td>
<td>First $500,000</td>
<td>1.06%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>4e</td>
<td>Seasonal Residential Recreational Commercial (resort)</td>
<td>First $500,000</td>
<td>1.06%</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over $500,000</td>
<td>1.15%</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>4f</td>
<td>Cemeteries</td>
<td>First $500,000</td>
<td>1.15%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>4g</td>
<td>Non-Profit Community Service Org (non-revenue)</td>
<td>1.15%</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4h</td>
<td>Non-Profit Community Service Org. (donations)</td>
<td>1.15%</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>4i</td>
<td>Post-Secondary Student Housing</td>
<td>1.06%</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4j</td>
<td>Manufactured Home Park</td>
<td>1.06%</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4k</td>
<td>Manufactured Home Park - 100% owner-occupied</td>
<td>0.75%</td>
<td>Yes-75%</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4l</td>
<td>Manufactured Home Park - 50% or less owner-occupied</td>
<td>1.06%</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4m</td>
<td>Metro Non-Profit Recreational Property</td>
<td>1.15%</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4n</td>
<td>Certain Non-Comm Aircraft Hangars and Land (leased land)</td>
<td>1.15%</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>4o</td>
<td>Certain Non-Comm Aircraft Hangars and Land (private land)</td>
<td>1.15%</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>4p</td>
<td>Bed &amp; Breakfast</td>
<td>1.15%</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4q</td>
<td>Seasonal Restaurant on a Lake</td>
<td>1.25%</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4r</td>
<td>Marina</td>
<td>First $500,000</td>
<td>1.06%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over $500,000</td>
<td>1.15%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>4s</td>
<td>Seasonal Residential Recreational Non-commercial (cabin)</td>
<td>First $70,000</td>
<td>1.06%</td>
<td>No</td>
<td>Yes-see Note</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$70,001 - $500,000</td>
<td>1.06%</td>
<td>No</td>
<td>Yes-see Note</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over $500,000</td>
<td>1.15%</td>
<td>No</td>
<td>Yes-see Note</td>
</tr>
<tr>
<td>5d</td>
<td>Low Income Rental Housing</td>
<td>First $360,000</td>
<td>0.75%</td>
<td>Yes-75%</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over $360,000</td>
<td>0.25%</td>
<td>Yes-25%</td>
<td>No</td>
</tr>
</tbody>
</table>

### Note about State Tax Rate:

For the purposes of the state general tax only, the net tax capacity of non-commercial class 4c(12) seasonal residential recreational property has the following class rate structure:

- First $50,000: 0.00%
- $50,001 - $500,000: 0.56%
- Over $500,000: 1.15%

Note: There is no reduction for the first $16,000 of commercial residential recreational property.
**Agricultural Homestead Market Value Credit**

For taxes payable in 2016, property classed as Class 2a agricultural homestead (exclusive of HGA) is eligible for an agricultural credit. The base credit is equal to 0.3% of the first $115,000 of the property’s market value, plus any increase. The credit is increased by 0.1% of the market value in excess of $115,000, but it is subject to a maximum of $490.

This credit maximum of $490 is reached at $260,000 where it the credit then plateaus.
**Acronyms**

C/I  Commercial/Industrial  
EMV  Estimated Market Value  
HGA  House, Garage and 1 Acre  
L & B  Land and Buildings  
LNTC  Local Net Tax Capacity  
RMV  Referendum Market Value  
SNTC  State Net Tax Capacity  
SRR  Seasonal Recreational  
     Residential  
TMV  Taxable Market Value