



Property Tax Relief for Businesses

Governor Dayton's budget provides direct property tax relief for small businesses. His budget freezes state property taxes for all businesses and cuts state business property taxes by 3.6%, or over \$120 million through 2017.

Freezing the State Property Tax Levy on Businesses – A Bipartisan Approach

The Governor's plan for business property tax relief is modeled after the proposal put forth by Republican legislators in 2012. It freezes state business property taxes at the current level for the next two years. After that, state business property taxes will rise at half the rate of inflation.

Local Government and County Program Aid

By increasing Local Government Aid (LGA) and County Program Aid (CPA), the Governor's budget reduces the property tax burden on Minnesota businesses.

» **Local Government Aid.** The Governor's budget increases LGA by \$80 million (or 19%) bringing total LGA to \$934 million, beginning with aids payable in CY2014.

» **County Program Aid.** The Governor's budget increases CPA by \$40 million (or 24%) bringing total CPA to \$373 million, beginning with aids payable in CY2014.

Impact on Businesses

Freezing the state levy on business property tax, with increased aids to cities and counties, will provide direct property tax relief to businesses. These examples illustrate the impact on business property taxes for commercial properties.

Location: Willmar	
Property Value: \$250,000	
Current law 2014 tax	\$7,604
Proposed 2014 tax	\$7,423
Reduction in total tax 2014	(\$181)
% reduction in total tax	-2.4%
Cumulative 2014-2018	(\$1,254)

Location: Minnetonka	
Property Value: \$1,000,000	
Current law 2014 tax	\$38,416
Proposed 2014 tax	\$38,246
Reduction in total tax 2014	(\$170)
% reduction in total tax	-0.4%
Cumulative 2014-2018	(\$2,423)

Location: Minneapolis	
Property Value: \$10,000,000	
Current law 2014 tax	\$441,319
Proposed 2014 tax	\$436,995
Reduction in total tax 2014	(\$4,323)
% reduction in total tax	-1.0%
Cumulative 2014-2018	(\$37,898)