

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Change Items	
⇒ Deficiency Request And Budget Increase	7
Agency Revenue Summary Fiscal Page	8
⇒ Designates that this item is a change item	

Agency Purpose

Minnesota Tax Court is a specialized trial court in the executive branch, with statewide jurisdiction. It was specifically established by the Minnesota Legislature to hear and determine all matters arising out of Minnesota’s tax laws (Minn. Stat. ch 271).

The court’s mission is to provide timely and equitable disposition of appeals from orders issued by the Commissioner of the Department of Revenue, and petitions from local property tax valuation, classification, equalization, and/or exemption issues. The judges have expertise in the tax laws. Although the Tax Court is located in the Minnesota Judicial Center, the judges travel throughout Minnesota to conduct trials where taxpayers are located.

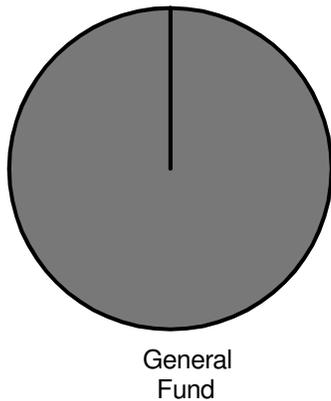
At a Glance

- Six full-time staff: three judges, three administrative staff
- Annual budget of approximately \$790,000
- A written decision is issued, distributed and published on all Regular Division cases.
- Most appeals are scheduled for a first trial setting within a year of filing.

Affecting court operations, are:

- changes in state property, sales and use, income and other tax laws
- local real estate market changes
- national and state economic changes
- changes in data practice laws

Est. FY 2010-11 Expenditures by Fund



Source: Consolidated Fund Statement.

Strategies

The Tax Court docket, schedules and resolves all tax cases filed. The Court provides the following services during the process of resolving and adjudicating tax disputes:

- Accepts filings and notifies parties;
- Schedules and conducts hearings (including trials, motions, continuances, and other pre-trial and post-trial hearings);
- Tracks status of case movement; providing information as needed;
- Provides information on decisions and other general information about the court, including information for taxpayers to represent themselves (pro se) in court; and
- Maintains correct and current records, as statutorily required.

The Tax Court also:

- Develops a consistent and uniform body of tax case law;
- Acts as a model for other states and other tax courts through presentations, speeches, and conferences; and
- Coordinates with and educates district courts on managing tax petitions.

The Court resolves complex procedural and substantive issues. A single case may involve multi-year filings for multi-county property owners, which may encompass substantive issues regarding classification, class action status, and jurisdictional matters. The Court also resolves statutory, legal, and factual issues regarding Commissioner of Revenue cases (including business/non-business, unitary business, capital equipment and non-domiciliary resident issues).

Operations

The Tax Court continues to take proactive steps to improve the appeals and litigation process by educating and informing taxpayers and surveying court constituents. The court now provides two resources for Pro Se (self-represented) litigants: *“Presenting Property Tax Appeals to the Minnesota Tax Court”* and *“Presenting Commissioner of Revenue Appeals to the Minnesota Tax Court.”* These handbooks were designed to help taxpayers understand the process of property tax appeals and Commissioner of Revenue appeals, along with their rights and responsibilities. Both of these resources are available on the Tax Court web site, as well as at the Tax Court and District Court offices. Courts from other states use these handbooks as a model.

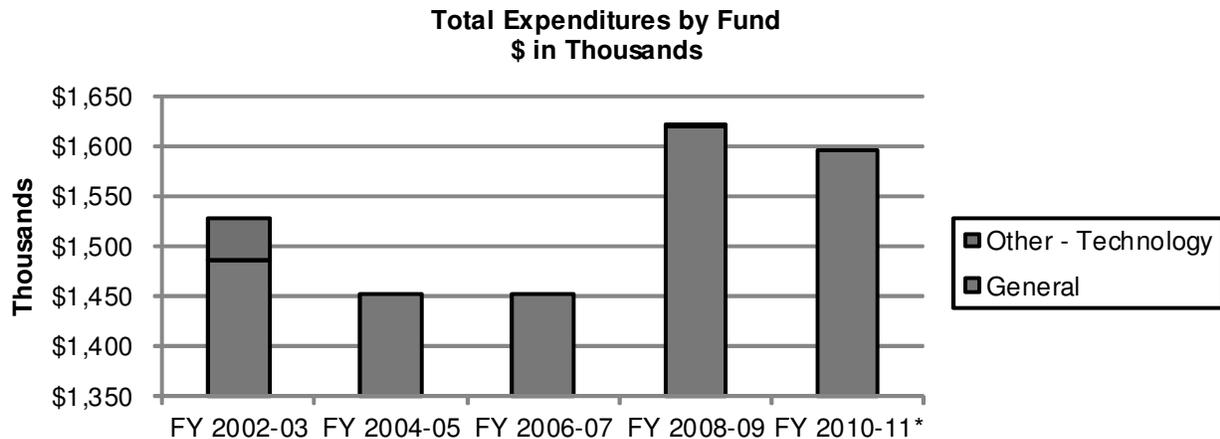
Key Measures

- Minnesota Tax Court issues decisions in all cases within three months of final submission to the court.
- Minnesota Tax Court provides information and searchable text decisions on its web site.
- Minnesota Tax Court produces and distributes procedural handbooks for self-represented (pro se) litigants.

Budget Trends

All funding for Tax Court operations comes from a General Fund appropriation. In the FY 2010-2011 biennium, the appropriation was approximately \$790,000. The Tax Court budget is approximately 75 percent compensation, 20 percent rent and 5 percent operating expenditures.

Minnesota Tax Court generates approximately \$50,000 annually in non-dedicated revenue from filing fees on appeals to an order from the Commissioner of Revenue. Depending on caseload fluctuations an additional \$1 to \$2 million in non-dedicated revenue is generated each biennium by property tax filings. Current fees are \$310 for a regular division matter and \$150 for a small claims matter. These fees are collected in District Court, which is where property tax petitions are filed.



* FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 9/01/10.

An outside trend that significantly influences the Tax Court is the down turn in the economy which has lead to a decline in the local real estate market, resulting in an increase in foreclosures and adjusted property tax assessments. Due to this, the tax court has seen record increases in filings resulting results in a significant increase in Tax Court’s caseload and disposition of cases. With the increase in filings the Tax Court has also experienced a significant increase with litigants who represent themselves (pro se).

Contact

Contact Tax Court by mail:

Minnesota Tax Court
245 Minnesota Judicial Center
25 Rev. Dr. Martin Luther King, Jr. Blvd.
Saint Paul, Minnesota 55155

Visit the Tax Court web site: <http://www.taxcourt.state.mn.us>

Call the Court: (651) 296-2806
Monday – Friday, 8:00 a.m. to 4:30 p.m.

TAX COURT

Agency Overview

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	806	793	793	793	1,586
Recommended	806	831	825	825	1,650
Change		38	32	32	64
% Biennial Change from 2010-11					0.8%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	810	790	790	790	1,580
Total	810	790	790	790	1,580
 <u>Expenditures by Category</u>					
Total Compensation	648	637	637	637	1,274
Other Operating Expenses	162	153	153	153	306
Total	810	790	790	790	1,580
 <u>Expenditures by Program</u>					
Tax Court	810	790	790	790	1,580
Total	810	790	790	790	1,580
Full-Time Equivalents (FTE)	5.8	5.5	5.5	5.5	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Fund: GENERAL				
FY 2011 Appropriations	793	793	793	1,586
Technical Adjustments				
Operating Budget Reduction		(3)	(3)	(6)
Subtotal - Forecast Base	793	790	790	1,580
Change Items				
Deficiency Request and Budget Increase	38	35	35	70
Total Governor's Recommendations	831	825	825	1,650

TAX COURT

Change Item: Deficiency Request and Budget Increase

Fiscal Impact (\$000s)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
General Fund					
Expenditures	\$38	\$35	\$35	\$35	\$35
Revenues	0	0	0	0	0
Other Fund					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact	\$38	\$35	\$35	\$35	\$35

Recommendation

The Governor recommends an annual increase of \$35,000 for a total appropriation of \$825,000 per year to the Tax Court. Additionally, the Governor recommends that an additional \$3,000 is appropriated to the tax court in FY 2011 to cover the agency's overspent appropriation in FY 2010.

Rationale

The Tax Court's budget is comprised of 81% salary and fringe benefits for staff, 16 percent rent payments and three percent other operating costs. In FY 2010 the Tax Court received operating reductions that forced the agency to close operations for several weeks in order to hold its spending within its appropriation. The agency was unable to plan accordingly for the reduction and overspent its appropriation by approximately \$3,000.

Due to the fact that the Tax Court's budget is 97% rent and salary obligations it will need to shut down for several weeks in FY 2011 and each year thereafter in order to spend within its appropriations. Thus the Governor recommends an increase to cover the costs related to the court remaining open and in full service for the entire year for FY 2011 and beyond.

Key Goals and Measures

The mission of the Tax Court is to provide timely and equitable disposition of appeals from orders issued by the Commissioner of the Department of Revenue, and petitions from local property tax valuation, classification, equalization, and/or exemption issues.

In order to effectively carry out this mission the Tax Court needs to remain open to serve constituents, local property tax administrators and the Department of Revenue. This recommendation for a budget increase will allow the Tax Court to remain open and carry out its mission.

Statutory Change: Not Applicable.

TAX COURT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<u>Non Dedicated Revenue:</u>					
Other Sources:					
General	39	40	40	45	85
Total Non-Dedicated Receipts	39	40	40	45	85
<u>Dedicated Receipts:</u>					
Total Dedicated Receipts	0	0	0	0	0
Agency Total Revenue	39	40	40	45	85