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www.mn.gov/tax-court

AT A GLANCE

- Nine full-time staff: 3 judges, 3 administrative staff, and 3 judicial law clerks.
- Approximately 3,800 cases are filed annually with the Court over the last five years, 98% of which are appeals from property tax assessments, and the remainder are appeals from orders of the Commissioner of Revenue.
- A property tax appeal is filed with the district court administrator in the county in which the property is located and then transferred to the tax court; an appeal from an order of the Commissioner of Revenue is filed directly with the Tax Court.
- Generates approximately \$1,150,000 per year in filing fees deposited into the General Fund.
- FY 2015 budget of \$1,095,000.
- Judges travel throughout Minnesota to hear cases where taxpayers reside.
- The Court files written findings of fact, conclusions of law, and an explanatory memorandum in each case within three months of submission.

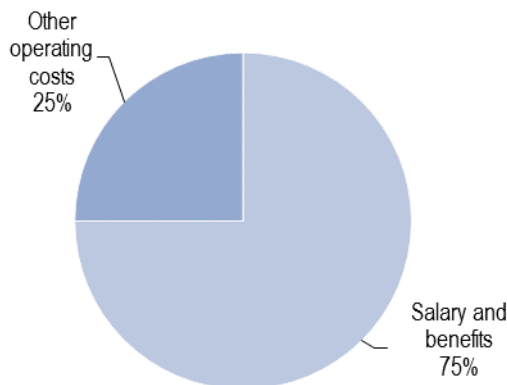
PURPOSE

The Minnesota Tax Court is a specialized trial court in the executive branch with statewide jurisdiction. By statute, it is "the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the tax laws of the state."

The Tax Court resolves disputes between property owners and counties concerning the correct value and classification of real property, and adjudicates taxpayer appeals from orders of the Minnesota Commissioner of Revenue. By ensuring that property is correctly classified and valued and that taxpayers are correctly taxed, the court helps provide efficient and accountable government services. The Court's three judges (all appointed between December 2012 and September 2013) are working to ensure that the Court is managed according to best practices by working closely with the Department of Administration's Small Agency Resource Team (SmART) and in particular with MN.IT in the acquisition of a new case management system approved during the last biennium.

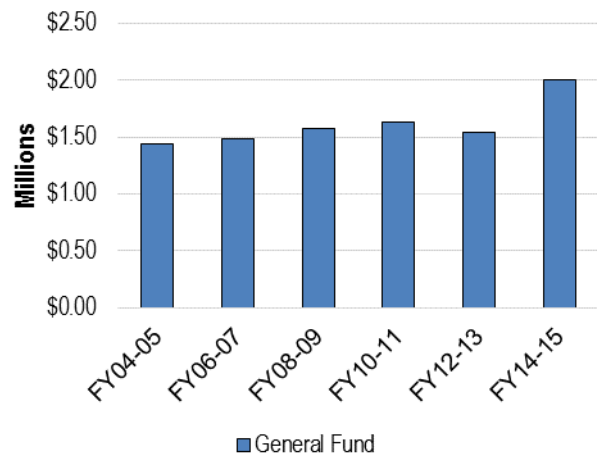
BUDGET

**Spending by Category
FY 15 Actual**



Source: BPAS

Historical Spending



Source: Consolidated Fund Statement

Minnesota Tax Court generates approximately \$1,150,000 annually in non-dedicated revenue from filing fees, which are deposited into the General Fund. All funding for Tax Court operations, in turn, comes from General Fund appropriations. The Tax Court's budget for fiscal 2015 was approximately 75 percent compensation, 25 percent operating expenditures. During the FY 16-17 biennium the appropriation was \$3,925,000, which included appropriations for the acquisition of a new electronic case

management system, new phone system, new website, salary and benefits for three judicial law clerks, specialized continuing legal education, and electronic legal research costs.

STRATEGIES

The Tax Court is a specialized trial court. Tax Court actions are governed by the Minnesota Rules of Civil Procedure and of Evidence, and proceed in largely the same manner as civil actions filed in the Minnesota District Courts. Like other trial courts, the Tax Court actively manages its docket, resolves discovery and trial-management disputes, decides dispositive and non-dispositive motions, and conducts trials. Jury trials are not available in Tax Court; the Tax Court files written findings of fact, conclusions of law, and an explanatory memorandum in each case heard.

To ensure the Court is managed according to best practices, we are working closely with the Department of Administration's Small Agency Resource Team (SmART) and MN.IT. SmART assists the Court with human resources and budgeting. The Court's budget now includes line-items for statutorily mandated services such as judicial travel to conduct hearings, the purchase of transcripts for indigent taxpayers, and translators for court proceedings. MN.IT assists the Court in maintaining its existing infrastructure and in helping to guarantee that the Court's technology will meet its future needs.

Filings in the Tax Court increased from approximately 1,200 in calendar year 2000 to almost 6,000 in 2010. Filings for each of the last five years have averaged approximately 3,800 cases per year. Although most cases eventually settle over time, four years ago the court was faced with a significant backlog of cases.

To reduce its backlog of cases, the Court now issues individual scheduling orders designed to ensure that all cases are either settled or ready for trial in approximately 18 months. As a result of this more active case management (and a modest decrease in filings), the Court has, over the last year, reduced the number of open and pending cases on its docket by approximately 52%, essentially erasing our backlog of cases. To further facilitate settlements in property tax cases (in which counties would otherwise have to request special funds to pay for an outside mediator), the judges of the Court have completed training as civil mediators, enabling parties to mediate appropriate cases (at no cost to the parties) in hopes of resolving them short of trial. Finally, the court has implemented streamlined procedures that reduce the time (and cost to the parties) of trying cases that cannot otherwise be resolved.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Aug.25, 2015</i>	<i>Aug. 15, 2016</i>	<i>Change</i>	<i>Percent Change</i>
Quantity	Open and Pending Cases ¹	7,740	4,003	3,737	52%
Quality/Efficiency	Average Age of Open and Pending Cases ²	-	-	-	-
Quality/Efficiency	Average Trial Length ³	-	-	-	-

1. The number of open and pending cases represents the Tax Court's cases awaiting disposition. As used here, "Open and Pending Cases" refers to matters that have been entered into the Tax Court's own electronic case-management system and as to which the parties have not notified the Court of a settlement or are awaiting a hearing.
2. Until we are able to install a new case management system, the Tax Court is unable to calculate the average age of cases pending before it and does not yet have a base for comparison.
3. The Court has only begun to track average trial length and does not yet have a base for comparison. Anecdotal evidence suggests the Court's streamlined procedures have reduced trial times by as much as half of what they were prior to 2013.

The Minnesota Tax Court is authorized by Minn. Stat.Ch. 271 (<https://www.revisor.mn.gov/statutes/?id=271>).

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
1000 - General	903	1,095	1,049	2,696	1,392	1,392
Total	903	1,095	1,049	2,696	1,392	1,392
Biennial Change				1,746		(961)
Biennial % Change				87		(26)

Expenditures by Program

Program: Tax Court	903	1,095	1,049	2,696	1,392	1,392
Total	903	1,095	1,049	2,696	1,392	1,392

Expenditures by Category

Compensation	719	811	865	997	1,057	1,060
Operating Expenses	174	195	181	1,699	335	332
Other Financial Transactions	10	89	3			
Total	903	1,095	1,049	2,696	1,392	1,392
Full-Time Equivalents	6.8	7.7	8.0	9.1	9.0	9.0

1000 - General

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	0	120	0	839	0	0
Direct Appropriation	1,023	1,035	2,068	1,857	1,392	1,392
Net Transfers	0	(57)	(180)	0	0	0
Cancellations	0	3	0	0	0	0
Expenditures	903	1,095	1,049	2,696	1,392	1,392
Balance Forward Out	120	0	839	0	0	0
<i>Biennial Change in Expenditures</i>				1,746		(961)
<i>Biennial % Change in Expenditures</i>				87		(26)
Full-Time Equivalents	6.8	7.7	8.0	9.1	9.0	9.0