



White Bear Township Report

Special Town Budget Meeting on November 29

White Bear Township, again, invites residents to attend its Special Town Budget Meeting which will be held at 7 p.m., Tuesday, November 29th at Heritage Hall located at 4200 Otter Lake Road.

Town staff will present information to residents on the changes to the homestead credit program and the proposed 2012 Town budget and property tax levy. Residents will then vote on the 2012 budget and property tax levy.

For more information on the Town's proposed 2012 budget and property tax levy, call Finance Officer Jessie Hart at (651) 747-2760 or visit the Township's website at www.ci.white-bear-township.mn.us.



Understanding Recent Changes in Homestead Benefits for Property Tax Purposes

What Changed?

The 2011 Legislature repealed the **Homestead Market Value Credit** (the homestead credit) and replaced it with a new **Homestead Market Value Exclusion**. The last year of the credit is for property taxes payable in 2011 and the exclusion begins for property taxes payable in 2012.



Spruce County
Jane Smith, Auditor-Treasurer
345 12th Street East, Box 78
Spruceville, MN 55555-5555
(218) 345-6789
www.co.spruce.mn.us



Property ID Number: 01.234.56.7890.R1

Property Description:

Lot 5, Block 13 of the Spruceville Estates Addition to the City of Spruceville.

TAXPAYER(S):

John and Mary Johnson
123 Pine Road South
Spruceville, MN 55555-5555

2011

PROPERTY TAX STATEMENT

PROPERTY TAX VALUES & CLASSIFICATION

Taxes Payable Year:	2010	2011
Estimated Market Value:	\$100,000	\$115,000
Improvements Excluded:	N/A	\$5,000
New Improvements/Expired Exclusions:	\$0	\$0
Taxable Market Value:	\$100,000	\$110,000
Property Classification:	RES HMSTD	RES HMSTD

\$\$\$

REFUNDS?

You may be eligible for one or even two refunds to reduce your property tax.

Read the back of this statement to find out how to apply.

What is a credit?

A **credit** is a reduction in the amount of taxes due. The old law with the credit was as simple as: $X - Y = Z$

If your initial tax was X, and your credit was Y, then the tax you had to pay was Z.

Taxes Payable Year:	2010	2011
1. Use this amount on Form M1PR to see if you are eligible for a property tax refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.		<input type="checkbox"/>
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	\$1,104.34	\$1,212.60
Property Tax and Credits		
3. Property taxes before credits	\$1,386.74	\$1,486.00
4. Credits that reduce property taxes		
A. Homestead and agricultural market value credits	\$282.40	\$273.40
B. Taconite tax relief	\$0.00	\$0.00
C. Other Credits	\$0.00	\$0.00
5. Property taxes after credits	\$1,104.34	\$1,212.60
Property Tax by Jurisdiction		
6. County	\$562.66	\$618.00
7. City or Town	\$130.28	\$142.85
8. State General Tax	\$0.00	\$0.00
9. School district	\$188.94	\$207.46
10. Special Taxing Districts	\$190.90	\$209.61
A. Metropolitan special taxing districts	\$27.56	\$30.19
B. Other special taxing districts	\$4.00	\$4.49
C. Tax increment	\$0.00	\$0.00
D. Fiscal Disparity	\$0.00	\$0.00
11. Non-school voter approved referenda levies	\$0.00	\$0.00
12. Total property tax before special assessments	\$1,104.34	\$1,212.60
Special Assessments		
13. Special assessments	\$30.00	\$30.00
A. Curb and street improvements		
B.		
C.		
14. TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	\$1,134.34	\$1,242.60



2012

PROPERTY TAX STATEMENT

PROPERTY TAX VALUES & CLASSIFICATION		
Taxes Payable Year:	2011	2012
Estimated Market Value:	\$141,100	\$143,200
Improvements Excluded:	\$8,000	\$4,000
• Homestead Exclusion:	N/A	\$24,352
Taxable Market Value:	\$133,100	\$114,848
New Improvements/ Expired Exclusions:	\$4,000	\$4,000
Property Classification:	RES HMSTD	RES HMSTD



You may be eligible for one or even two refunds to reduce your property tax.

What is an **exclusion**?

An **exclusion** is a reduction in the amount of value subject to taxes. Under the new law, an exclusion changes the initial tax amount (**X**), and with the credit gone, the new initial tax becomes the final tax (**X = Z**).

HOW DO HOMESTEAD BENEFITS CHANGE?

Under the old law, the credit itself equaled the homestead benefit, and its calculation **depended only on the value of the homestead**. Because the credit was subtracted from the initial tax amount, the credit affected each taxpayer independently.

Under the new law, the exclusion is still calculated using the value of the homestead, but the tax benefit **depends on a variety of factors other than homestead value**. Because the exclusion is a reduction in the value subject to tax, it also **affects tax rates and the taxes of all properties**.

WHY IS THIS CHANGE COMMONLY RESULTING IN TAX INCREASES?

There are four reasons why the change commonly results in increases:

- 1) **State money is no longer reducing total taxes.** For 2012, the state was projected to pay approximately \$260 million of local taxes to townships, cities and counties through the credit program. With the change, there will be no state paid credit and the entire local property tax levy will be paid by taxpayers.
- 2) **The reduction in taxable value increases tax rates.** With the total taxable value being reduced by the exclusion, raising the same total dollar levy as the prior year requires a higher tax rate.
- 3) **The reduction in taxable value shifts the relative burden of who pays.** With homestead values reduced, other property types (and homes with higher values) pay a larger share of the tax.
- 4) **The exclusion provides less benefit in low tax rate areas than the credit.** The computation of the exclusion amounts are roughly comparable where the tax rate is close to the state average, but in lower tax rate areas like White Bear Township the excluded value provides less benefit. High rate areas may see greater benefit.

COMPUTATION OF CREDIT AND EXCLUSION AMOUNTS

Even though the tax benefits of the credit and the exclusion are not equal, the calculation of the exclusion amount is similar to the calculation of the former credit. Both reach their maximum at \$76,000 of market value (\$304 for the credit; \$30,400 for the exclusion). Both reduce to \$0 at about \$414,000 of market value.

EXAMPLE: A house valued at \$116,000

Credit = $(0.4\% \times \$76,000) - (\$40,000 \times 0.09\%)$	Exclusion = $(40\% \times \$76,000) - (\$40,000 \times 9\%)$
= \$304 - \$36	= \$30,400 - \$3,600
= \$268 tax reduction	= \$26,800 value reduction

SAVE THE DATE

2012 TOWNSHIP ANNUAL MEETING. White Bear Township residents should mark their calendars to attend the Township's 2012 Annual Meeting on Tuesday, March 6, 2012 at 8:00 p.m. at Otter Lake Elementary School. The Annual Meeting is a gathering of the residents – not the Town Board – in which the Town's residents have the power and the responsibility to elect a moderator to run the meeting; discuss outstanding issues; announce the Town Board election results; and vote on a preliminary property tax levy for 2013.