

Houston County Assessor Loses Appeal on Agricultural Values

The Minnesota Department of Revenue will be issuing a 5% increase to rural vacant land values in Houston County, for the 2024 valuation. This will include tillable, woods, waste, and pasture. The Houston County Assessor did not agree with the additional land increases on top of changes that had already been made to 2024 values. The assessor submitted an appeal requesting that no further changes be made to 2024 values. He met with the region's property tax compliance office, the Director of the Department of Revenue and the Supervisor of Education and Property to make his appeal and present evidence why values should not change further. Ultimately, the appeal was denied by the Department of Revenue.

As a result, an additional 5% will be added to rural vacant land values. The valuation statements owners of vacant land received in the spring of 2023, for 2024 values, will be incorrect after this change. The changes will be as follows.

Tillable up 5% to \$10,200 for top rated CER soil

Woods up 5% to \$4,000 per acre

Waste up 5% to \$1,500 per acre

Pasture up 5% to \$2,700 per acre

Unfortunately, state order increases do not allow any sort of appeal process for property owners. The only appeal process allowed was done by the County Assessor.

This change will cause a slight shift in the tax burden towards owners of vacant land. Taxes are the result of levies and referendums set by cities, townships, school districts, and the county board. Once this amount is set it does not change. Property values are then used to determine the percentage of the tax burden each owner is responsible for. By adjusting the values of vacant land, this will raise the percentage for those properties but lower it for others.

The Minnesota legislature made some changes this year that may be a help to some people. They made a change to the homestead exclusion. The homestead exclusion is designed to lower the tax percentage for people that own and occupy their property. Previously, the max exclusion was granted to homes valued at \$76,000 and decreased by 9% as the value increases until it cancelled itself out at a value of \$413,600. The change adjusted the max exclusion to a home valued at \$95,000 and cancels itself out at a home value of \$517,000.

Another change was to the agriculture homestead tier limit. The previous limit was 1.9 million. This meant that agricultural homestead properties could receive a .5% tax capacity rate versus a 1% tax capacity rate on their land up to a total value of 1.9 million. The change moved that limit to 3.5 million of total value of homestead land that can now receive the .5% tax capacity rate.

The third change was made to the special property tax refund. This is different from your regular property tax refund. The regular property tax refund uses your household income to determine if you qualify for a refund. The special is solely based on if you are homestead, and if your taxes increased more than \$100 dollars or 12% from 2022. The change to the special property tax refund lowered that percentage of increase to 6% of change from 2022 taxes to 2023 taxes. This is a one time change only for

2023 taxes. It also changed the maximum refund amount from \$1,000 to \$2,000 for 2023. This refund can be applied for on the MN Department of Revenue's website. Just type PTR in the search box and file a return. Most tax preparers will be able to assist with this refund as well. The deadline to apply will be in August with payment usually received by the end of September. This process is also laid out on the back of your tax statements. You will need your tax statements and income tax return to apply. If you are filing this on your own, you will first be asked to fill out the regular property tax refund. This will require household income. Be sure to hit continue even if the system says you do not qualify for the regular return. You then will be able to apply for the special return.

The last change will be a one-time refund for people that filed an income tax return for 2021. Married couples with a household income of 150,000 or less that filed jointly will receive a \$520 dollar refund. For single and other filers, they will receive a \$260 dollar refund. Plus, both married and single filers with dependents will receive a \$260 dollar refund for each dependent up to a maximum of 3 dependents for a maximum refund of \$1,300 for a family of five.

Although the assessor's office does not agree with the change to 2024 vacant land values, as always, we encourage people to call or stop into the Assessor's office with any questions or concerns. We will do our best to answer them.