

S A I N T  
**LOUIS** ❖  
**COUNTY**  
M I N N E S O T A

## Understanding Your County Government



County Commissioners



County Structure

County Budget

customer service  
accountability  
transparency



Property Taxes

Pictured are Saint Louis County Courthouses located in Duluth, Virginia, and Hibbing, Minnesota

# Understanding Your County Government

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customer service • accountability • transparency

## County Commissioners

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## County Structure

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## County Budget

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# From the County Administrator

Kevin Z. Gray, County Administrator

*"We are here to serve the residents of St. Louis County. Our job is to create and maintain the best quality of life for the people who live here through the services we provide."*

This is the promise that guides commissioners and employees in everything we do. As our region shows signs of positive economic growth for the first time in five years, the County Board continues to follow three key strategies, which are evident in the 2014 budget:

- Commitment to balancing the budget and positioning the county for future fiscal challenges.
- Sensitivity to economic pressures facing citizens, businesses, and the region.
- Continued emphasis on innovation, productivity, and service to our citizens.

The county's 2014 budget reflects smarter government, better processes and aggressive budget management. Commissioners continue to challenge county department heads to prepare fiscally prudent budgets. This is evidenced by the fifth consecutive year of property tax levies established below the rate of inflation.

In fact, the 2014 levy of 1.5% is dedicated solely to funding debt service, specifically to investments in the county's infrastructure, which will improve citizens' access to service and lead to long term savings. All other cost increases, including inflation, utilities, salaries and benefits, fuel costs and more, have been absorbed within the budget.

Also absorbed within the 2014 budget is the cost to provide assessment services to cities and townships that choose to work with the county. This will reduce costs to local units of government by \$2.5 million annually while moving toward more uniform and fair assessment practices.

We continue to explore opportunities to reduce the cost of government, while making targeted investments in new programs and technology. With continued focus on workforce performance levels, productivity and scrutiny of spending decisions, the county is well positioned to respond to future budgetary issues. This was affirmed by Standard and Poor's (S&P) Ratings Service upgrade of the county's credit rating to AA+ in 2013, the second highest rating possible.

The following values serve to focus St. Louis County in providing quality cost-effective services:

- **Customer Service** - improving efficiency for our customers and focusing spending on core services.
- **Accountability** - maintaining fiscal discipline and budgetary sustainability.
- **Transparency** - open allocation of resources in accord with County Board priorities.

These values are a reflection of our commitment to serve our citizens, yet there is no question that St. Louis County's greatest resource is its employees. Their skills and efforts are our assurance the county will meet and overcome any challenge we may face.



S A I N T  
**LOUIS** ♦  
**COUNTY**  
.....  
M I N N E S O T A

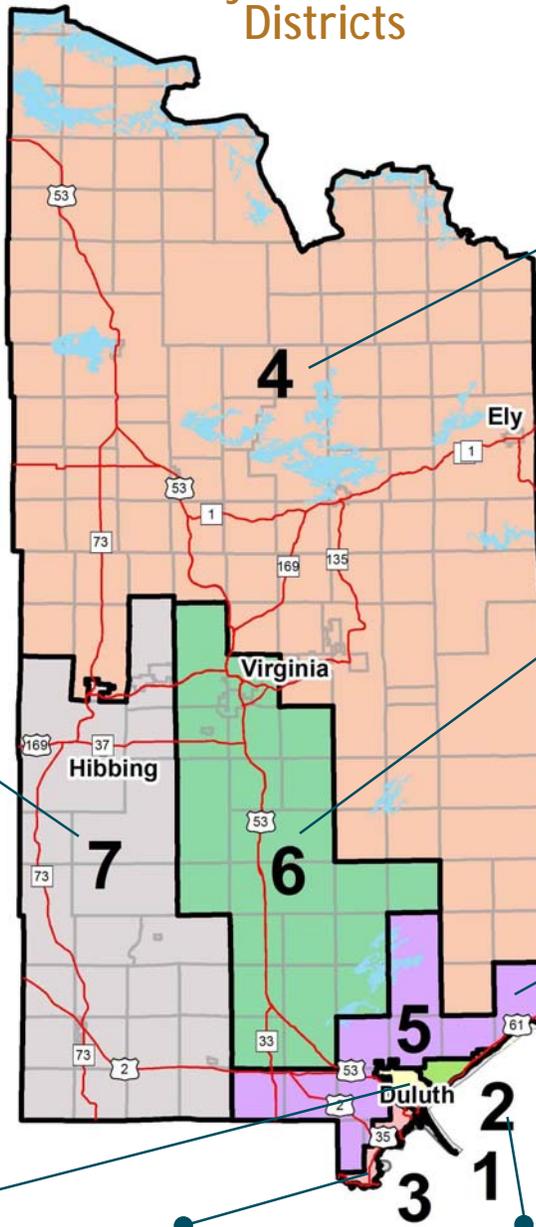
# 2014 Saint Louis County Board

## County Commissioners

St. Louis County serves 200,226 people across a land mass of more than 7,000 square miles. It is the largest county east of the Mississippi River by geography, and is even larger than three states (Connecticut, Rhode Island, and Delaware).

Most Minnesota counties have five elected commissioners, but, since St. Louis County's population is over 100,000, it is permitted to have seven commissioners. Each one represents approximately 28,600 people, or one-seventh of the county's population.

### County Commissioner Districts



**Mike Forsman, 4th District**  
Northern half of county and eastern townships  
(218) 365-8200  
forsmanm@stlouiscountymn.gov



**Keith Nelson, 6th District**  
Virginia area and south central townships  
(218) 749-7108  
nelsonk@stlouiscountymn.gov



**Pete Stauber, 5th District**  
Hermantown/Proctor area and southeast townships  
(218) 726-2450  
stauberp@stlouiscountymn.gov



**Steve Raukar, 7th District**  
Hibbing area and southwest townships  
(218) 262-0201  
rauvars@stlouiscountymn.gov



**Frank Jewell, 1st District**  
Central Duluth  
(218) 726-2450  
jewelf@stlouiscountymn.gov



**Chris Dahlberg, 3rd District**  
Western Duluth  
(218) 726-2562  
dahlbergc@stlouiscountymn.gov



**Patrick Boyle, 2nd District**  
Eastern Duluth  
(218) 726-2359  
boylep@stlouiscountymn.gov



# Duties of a County Commissioner

County commissioners are elected officials who oversee county activities and work to ensure that citizen concerns are met, federal and state requirements are fulfilled, and county operations run smoothly. County commissioners spend a lot of time working with and representing people. They attend regular meetings of the county board as well as meetings of board subcommittees and county-related boards and commissions. They represent county concerns before local, state and national groups, including school boards, city councils, township boards, and state and federal offices. County commissioners also work with their constituents and respond to constituent concerns.

While no minimum education or prior experience is required for becoming a county commissioner, individual backgrounds and personalities can enhance effectiveness in the office. Useful experiences include operating a business; service on township and school boards or city councils; involvement in community activities; and management experience. Personal traits that can benefit county commissioners include a sense of humor, an open mind, a vision of where county government should go, an ability to compromise, and an ability to delegate. Effective communication and negotiation skills are also important.

Commissioners' terms are set at four years and are staggered among the board members, so that not all are elected at the same time. Newly elected commissioners take office the first Monday in January following their election. County board chairs are elected at the board's first meeting in early January. County commissioners' salaries vary, because they are set by individual county boards at the beginning of each year. In recent years commissioner salaries in Minnesota have ranged from \$5,600 to nearly \$100,000 annually.

The office of St. Louis County commissioner is considered to be a full-time position with a 2014 annual salary of \$57,537. The chair of the board receives an additional \$1,000 per year; the vice-chair, \$500. As elected officials, commissioners do not accrue and are not charged for vacation, sick leave, personal leave, compensatory time, or holidays.

## County Management: Administration

County commissioners have administrative duties, as well as financial and legislative responsibilities. Following is a partial list of these duties and responsibilities:

- Establish policies and procedures for central administration and county departments to meet county goals.
- Authorize the maximum number of county employees, approve a county benefit schedule, negotiate and approve labor agreements, approve the recruitment and employment of key county employees, and oversee the implementation of the county pay equity plan and the county affirmative action/equal opportunity plan.
- Review liability issues and take appropriate measures to protect county employees and county property.
- Adopt and oversee the process for purchase of equipment and supplies for use by the county.
- Establish a plan for the review and evaluation of county services and programs.

# Duties of a County Commissioner (continued)

## County Management: Taxation/Finance

■ Review, adjust and adopt the annual county operating budget and programs, as presented by county administration or county departments.

■ Authorize the maximum property tax levy and the collection of county-wide property taxes.

■ Serve as, or appoint, a board of equalization to resolve disputes regarding appraised property values for taxing purposes.

■ Authorize the application for and/or receipt of funds from federal and state governments and approve their use within the county budget.

■ Adopt and participate in the implementation of fiscal management policies in areas such as investments, reserve policy, short-term borrowing, use of bonds and risk management/insurance.

■ Monitor the county's overall fiscal health through regular reports of the auditor, treasurer and finance departments.

■ Establish a process for approving the payment of expenses incurred by the county.

■ Develop and adopt a capital improvement program and operating budget covering major county expenditures over a series of years.

## County Management: Other Functions

■ Adopt appropriate ordinances for the enforcement of county-wide actions.

■ Ratify, modify or deny the actions of commissions and boards which are advisory to the county board.

■ Approve county participation in joint powers agreements with other governmental units.

■ Represent the county on administrative/ advisory boards and commissions which provide direct and indirect county or county-related services. These may include airports, libraries, community corrections, local public health boards, community action agencies, mental health centers, developmental achievement centers, extension services, regional development commissions, social services agencies, joint solid waste commissions, and planning commissions.

■ Make decisions regarding participation in optional federal or state programs.

■ Communicate county actions and concerns to the public through school groups, business groups, civic organizations, the press, and other public forums.

■ Participate in both district and statewide meetings of the Association of Minnesota Counties (AMC), including the annual meeting and the legislative conference.

■ Participate in activities of the National Association of Counties (NACo). Attend conferences, meetings, trainings and other education programs, as approved by the board, which relate to county activities.

■ Other duties and responsibilities that may be enacted by the federal government, state legislature and governor.

## History of County Government

Minnesota's 87 counties have changed from a purely quasi-municipal corporation of the state, to a general purpose form of government which, for many counties, has necessitated a change in the way services are delivered and, sometimes, the structure of the county itself. In their infancy, counties were organized to be the administrative arm of the state. But, now counties provide services to citizens which are far beyond the original scope of county government.

Traditionally, counties performed state mandated duties including assessment of property, keeping property records and vital statistics, maintenance rural roads, administration of elections and judicial functions, keeping the peace in rural areas, and providing relief for the poor. Today, counties have moved into other areas of government support, such as public health and human services, corrections, child protection, library services, planning and zoning, economic development, parks and recreation, water quality, and solid waste management. Relief for the poor is now generally provided by the federal and state governments through their income maintenance programs.

## County Boards of Commissioners

County boards are elected by voters of a specific geographic district, serve a four-year term, and are responsible for the operation of the county and its delivery of services. The number of commissioners on a county board in Minnesota is usually five, but counties with a population of over 100,000 may, by board resolution, increase the size of the board from five to seven members. Six counties - Anoka, Dakota, Hennepin, Olmsted, Ramsey, and St. Louis - have boards consisting of seven members.

## Election and Appointment of Other County Officials

Beginning with President Andrew Jackson's administration (1829-1837) and afterwards, it became a common practice to increase the number of elective county offices. Appointed positions were changed to elected ones, and new elective offices were created. This caused the list of elected county officials to grow from a few, such as the coroner and the sheriff, to many, including the auditor, recorder, treasurer, surveyor, clerk of court, watershed district directors, judge of probate, assessors, and county attorneys.



### Fifty Years of County Reform

Since the mid-1960s, Minnesota counties have gradually reduced the number of elective county offices. Hennepin and Ramsey counties were the first to benefit from special organizational reform legislation. Today, the list includes Anoka, Blue Earth, Scott, and Washington. In those counties, the positions of county auditor, treasurer and recorder are no longer elective positions, but the county sheriff, county attorney, and watershed district directors continue to be elected. In addition, Dakota, Olmsted, and St. Louis Counties appoint the position of county recorder, but the county auditor/treasurer continues to be elected. In recent years, twenty-nine Minnesota counties have combined the position of county auditor and county treasurer into one elected position.

1973 saw the passage of the "Optional Forms of County Government" legislation. While this offered several major options for the modernization of county government, most counties have instead made structural changes by seeking special legislation. For example, in 1987 enabling legislation was passed to allow Ramsey County to become a "home rule charter" county. With this authority, Ramsey County now operates under the guidance of that charter, and is the only home rule charter county in Minnesota.

### Professional County Management

Over the last 30 years, county boards across the state have recognized the need to expand into a professional management model for their counties, mostly as a result of increasing demands for the delivery of services.

St. Louis County adopted a "county administrator plan" for the professional management of the county in 1987. Under this plan of government, an administrator is appointed by the County Board to serve as the head of the county, managing all county affairs placed in the administrator's charge. If required by the County Board, the administrator acts as the supervisor of all county institutions, departments, and agencies, and of all non-elected department heads.

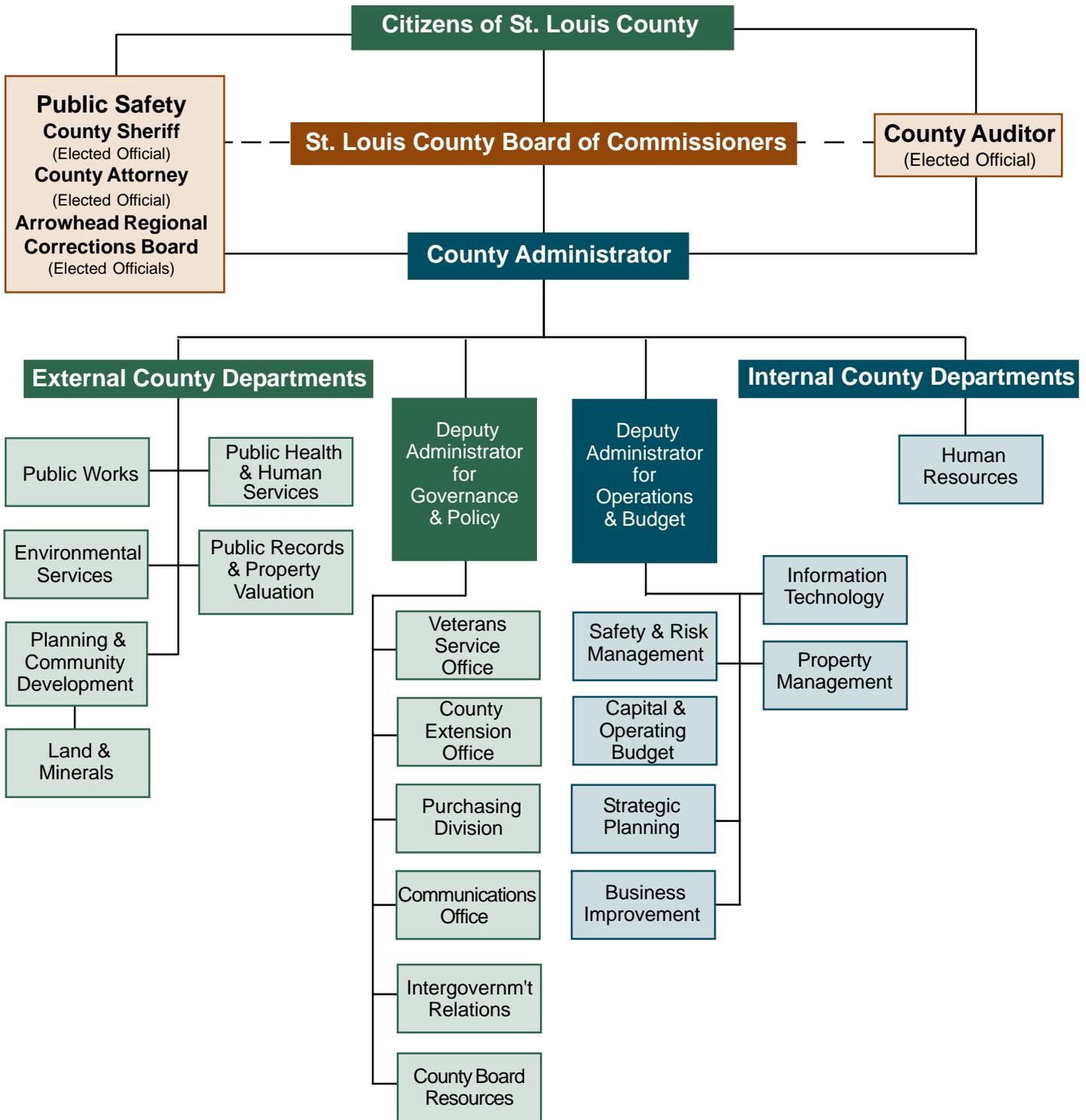
The administrator is also responsible for the preparation and execution of the county budget, including a long range capital expenditure plan, and may also serve as the purchasing agent for the county. Currently, nearly sixty Minnesota counties have established the position of county administrator or coordinator. (Ramsey County uses the title of county manager.) The county administrator serves at the pleasure of the County Board, and is the only employee hired directly by county commissioners.

Association of Minnesota Counties



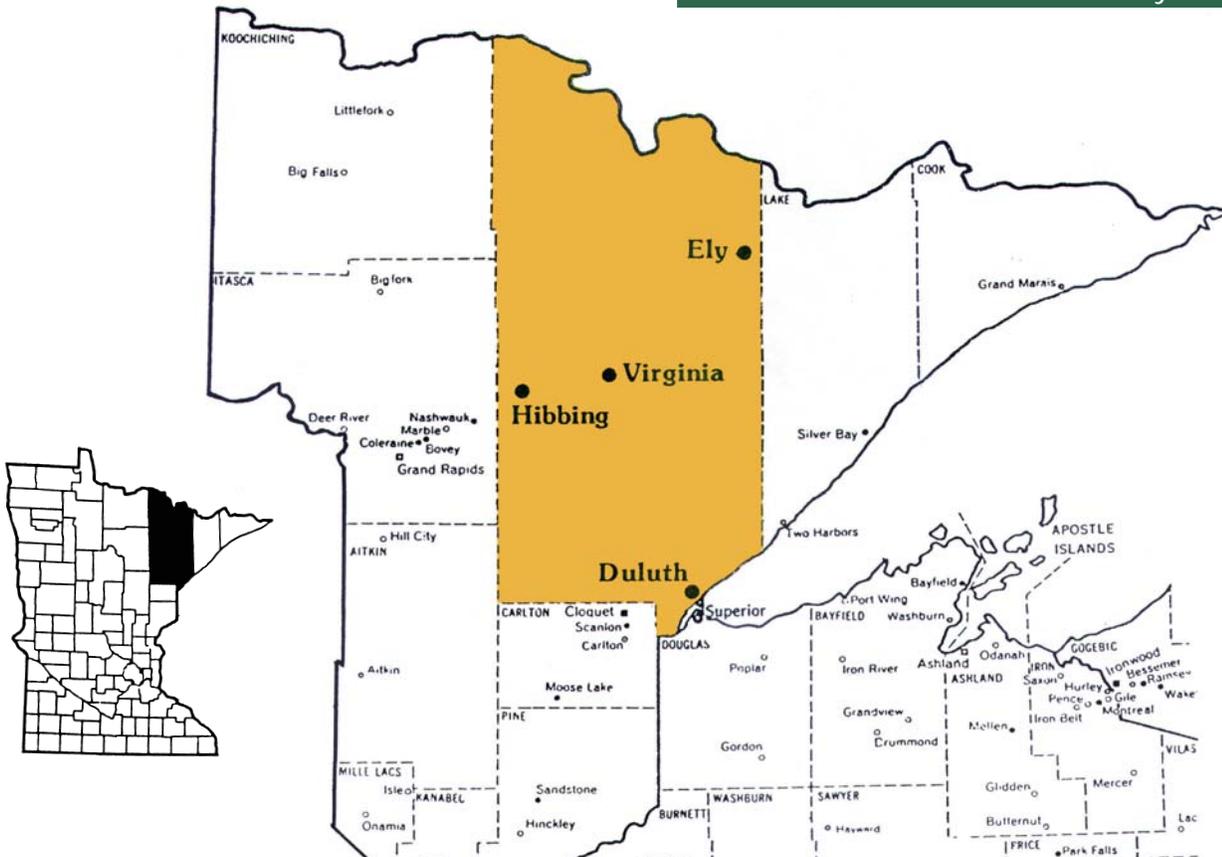
# Saint Louis County Organization

## County Structure



# Main Office Locations and Personnel Summary

County Structure



## 2014 Personnel Summary

### FULL TIME EQUIVALENT EMPLOYEES

| 2008  | 2009  | 2010  | 2011  | 2012  | 2013 | 2014 |
|-------|-------|-------|-------|-------|------|------|
| 1,982 | 1,918 | 1,702 | 1,697 | 1,697 | 1715 | 1742 |

St. Louis County employs more than 1,700 people whose duties are performed in four main population centers. Courthouses are found in Duluth, Hibbing and Virginia, and a government services center is located in both Duluth and Ely. Each of these cities also has several other facilities which are owned or rented by the county. Employees are located in over 60 different worksites throughout the county's 7,092 square miles.

Approximate percentage of employees located in each major population area:

|          |       |
|----------|-------|
| Duluth   | 62%   |
| Virginia | 26%   |
| Hibbing  | 9%    |
| Ely      | 3%    |
|          | 100 % |

\*Since 2002 total number of employees has been decreased by 522 full time equivalents.

# Saint Louis County Administrative Officials

## County Structure

### **ADMINISTRATOR**

Kevin Z. Gray, County Administrator  
218-726-2448, fax: 218-726-2469

### **ATTORNEY**

Mark S. Rubin, County Attorney  
218-726-2323, fax: 218-726-2332

### **AUDITOR/TREASURER**

Donald Dicklich, County Auditor/Treasurer  
218-726-2380

### **CORRECTIONS/PROBATION**

Arrowhead Regional Corrections (JPA)  
Kay Arola, Director  
218-726-2633, fax 218-726-2638

### **DEPUTY ADMINISTRATOR, GOVERNANCE & POLICY**

Gary E. Eckenberg, Deputy Administrator  
218-726-2447

### **DEPUTY ADMINISTRATOR, BUDGET & OPERATIONS**

Linnea Betzler Mirsch, Deputy Administrator  
218-733-2747

### **EMERGENCY COMMUNICATIONS (911)**

Steven Steblay (Sheriff's Office)  
218-336-4340, fax: 218-625-3965

### **ENVIRONMENTAL SERVICES**

Ted Troolin, Director  
218-749-9703

### **EXTENSION OFFICE (Administration)**

Patty Swedberg, County Extension Administrator  
218-733-2879, fax: 218-733-2888

### **HUMAN RESOURCES**

James R. Gottschald, Director  
218-726-2422, fax: 218-726-2332

### **INTERGOVERNMENTAL RELATIONS**

John Ongaro, Director (Administration)  
218-726-2455

### **INFORMATION TECHNOLOGY**

Linnea Betzler Mirsch, Acting Director  
218-733-2747

### **LAND & MINERALS**

Mark Weber, Director/Land Commissioner  
218-726-2606

### **PLANNING & COMMUNITY DEVELOPMENT**

Barbara Hayden, Director  
218-725-5008

### **PROPERTY MANAGEMENT**

Tony Mancuso, Director  
218-725-5085

### **PUBLIC HEALTH & HUMAN SERVICES**

Ann M. Busche, Director  
218-726-2097, fax: 218-726-2093

### **PUBLIC INFORMATION (Administration)**

Dana Kazel, Communications Manager  
218-725-5049

### **PUBLIC RECORDS & PROPERTY VALUATION**

Mark Monacelli, Director/County Recorder  
218-726-2677  
David Sipila, County Assessor  
218-749-7100

### **PUBLIC WORKS**

James T. Foldesi, Director/County Highway Engineer  
218-625-3840, fax: 218-625-3888

### **PURCHASING DIVISION (Administration)**

Donna Viskoe, Senior Buyer  
218-726-2667

### **SAFETY & RISK MANAGEMENT (Administration)**

Joe Austin, Safety & Risk Management Administrator  
218-726-2139

### **SHERIFF'S OFFICE/CIVIL DEFENSE**

Ross Litman, County Sheriff  
218-726-2341

### **VETERANS SERVICE OFFICE (Administration)**

Sherry Rodriguez, County Veterans Service Officer  
218-725-5285

Revised April 2014

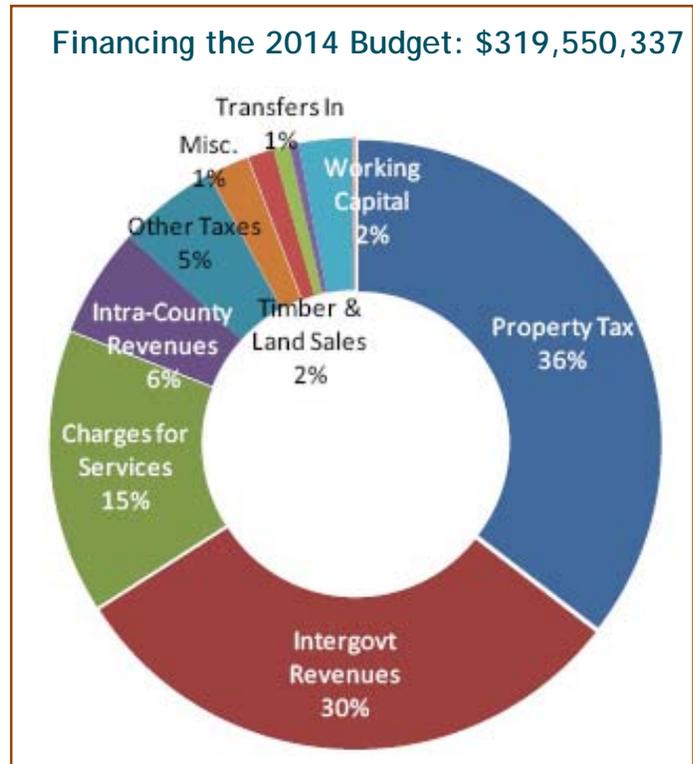
# 2014 Budget Process

The budget process provides the County Board and its management staff an opportunity to annually re-examine the services provided within the county. The process begins with a series of meetings where department heads present their goals and objectives for 2014. This allows the County Board to approve the strategic direction of individual departments, ensuring a fit into the county's overall strategic plan.

Based on these goals and objectives, the department directors then prepare their detailed budgets. In recent years, the emphasis has been to provide core services in the most economical and efficient manner possible. A major direction from the County Board is balancing service level needs in the community with the financial resources available to provide those needs.

Each year, counties must set the maximum property tax levy by September 15. On September 10, 2013, the County Board approved a maximum property tax levy for 2014. The property tax portion of the 2014 budget is \$113,344,211, representing a 1.5% increase over 2013. The final budget was approved on December 17, 2013.

The "Proposed Property Tax Statements" that homeowners and businesses receive in November of each year contain estimates of the following year's property taxes, based on property values which were established as of January 1st of the previous year, and the preliminary levy set in September. The final amount homeowners pay is often less than this amount, but it cannot be more.



A large portion of the financing for the St. Louis County 2014 budget is made up of state and federal funds and fees and service charges. The total budget is \$ 319,550,337 with \$97,466,828 (30.5%) coming as intergovernmental aid from the state and federal governments; \$47,978,230 (15.0%) from charges for services; and \$113,344,211 (35.5%) from local property taxes. The remaining portion of the budget is funded from the sources identified in the above graphic.

# Summary of 2014 Budget

## Bringing state programs to the local level

St. Louis County, located at the western tip of Lake Superior and stretching to the Canadian border, is the largest county geographically east of the Mississippi River. The county encompasses over 7,000 square miles and is larger than three states (Rhode Island, Connecticut, and Delaware) and the District of Columbia. Minnesota is one of a minority of states whose form of government is state managed and county administered. This means that many government services are provided by the 87 Minnesota counties rather than by the state.

St. Louis County's 2014 budget process has been one of ongoing adjustments and realignments to reflect changes in intergovernmental assistance and fluctuations in overall revenues.

## Funding community essentials

The county operating budget of \$319,550,337 is the basis for providing adequate funding for high-priority expenditures such as public safety, corrections, public works infrastructure covering over 3,000 miles of county roads, and care and protection for the most needy and vulnerable in our county.

It is the goal of the County Board of Commissioners to identify and prioritize services that cannot be provided by other agencies. As an example In past years, this resulted in the leasing of Chris Jensen Health & Rehabilitation Center to a private

provider of long-term care. In 2014 the current lessee plans to purchase the facility which is expected to result in major infrastructure and building improvements at the Duluth site, providing an increased array of programs for area residents.

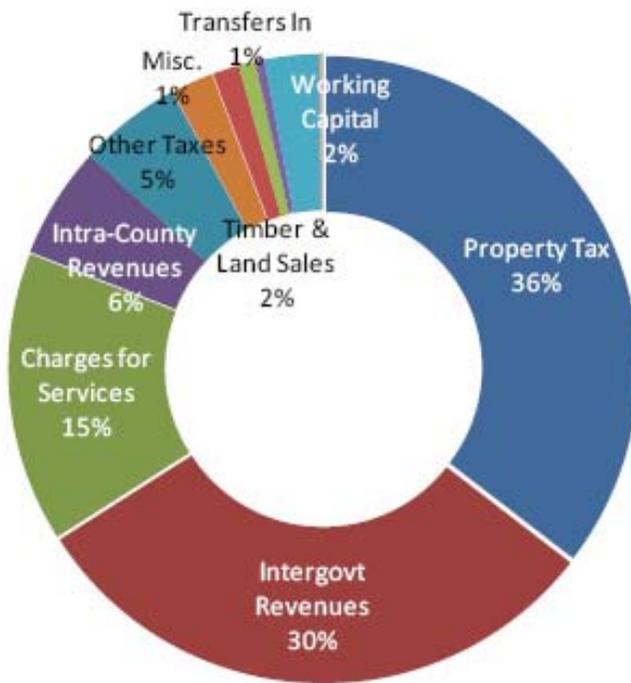
The 2014 approved budget continues the county's partnership with four other northern Minnesota counties to provide corrections services through the Arrowhead Regional Corrections Joint Powers Agreement, and continuation of the Gravel Road Investment Program to address the integrity of the county's 1,600 miles of rural gravel roads. An addition to the budget's debt service will allow the \$21 million investment in the county's Government Services Center located in downtown Duluth. To fund the debt service associated with this major reconstruction project, the property tax levy for 2014 grew by 1.5% over 2013, but was again under the annual rate of inflation for the fifth straight year.

St. Louis County will need to make difficult decisions in the future to maintain its fiscal health in light of changing state and federal support and increasing program costs. Keeping property taxes down will require careful evaluation of future revenue potential and determination of necessary services by the County Board. Clearly, revenue diversification and expanding the tax base will continue to be a priority.



# 2014 Revenue and Expenditures

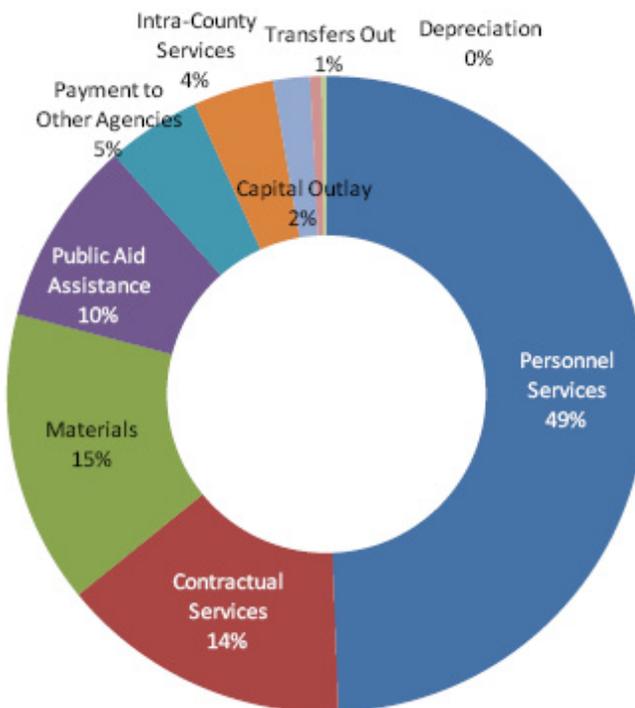
County Budget



## Revenue

| Source                     | 2014 Adopted Revenue  |
|----------------------------|-----------------------|
| Property Taxes             | \$113,344,211 (35.5%) |
| Intergovernmental Revenues | 97,466,828 (30.5%)    |
| Charges for Services       | 47,978,230 (15.0%)    |
| Intra-County Revenues      | 18,569,975 (5.8%)     |
| Other Taxes                | 16,889,458 (5.3%)     |
| Working Capital            | 9,176,832 (2.9%)      |
| Timber and Land Sales      | 6,950,000 (2.2%)      |
| Miscellaneous              | 4,394,659 (1.4%)      |
| Transfers In               | 2,773,804 (0.9%)      |
| Investment Earnings        | 1,516,440 (0.5%)      |
| Licenses and Permits       | 321,300 (0.1%)        |
| Fines and Forfeitures      | 159,250 (0.0%)        |
| Gifts and Contributions    | 9,350 (0.0%)          |
| <b>TOTAL</b>               | <b>\$319,550,337</b>  |

Total Adopted 2014 Budget: \$319,550,337



## Expenditures

| Activity                  | 2014 Adopted Expenses |
|---------------------------|-----------------------|
| Personnel Services        | \$157,895,836 (49.4%) |
| Materials                 | 47,640,359 (14.9%)    |
| Contractual Services      | 47,094,943 (14.7%)    |
| Public Aid Assistance     | 30,140,165 (9.4%)     |
| Payment to Other Agencies | 15,223,995 (4.8%)     |
| Intra-County Services     | 12,998,705 (4.1%)     |
| Capital Outlay            | 5,943,747 (1.9%)      |
| Transfers Out             | 1,892,317 (0.6%)      |
| Depreciation              | 718,270 (0.2%)        |
| Loss/Gain Asset Disposal  | 2,000 (0.0%)          |
| <b>TOTAL</b>              | <b>\$319,550,337</b>  |

More budget information is available on the web: [stlouiscountymn.gov/budget](http://stlouiscountymn.gov/budget)

# Budget and Levy Comparisons for 2013 and 2014

One of the main functions of the St. Louis County Board is to set a budget that delivers services to county residents at the lowest possible price. The total 2014 county revenue budget, made up of state and federal revenues, fees, licenses, and property tax dollars, is \$319,550,337. Of this amount, \$113,344,211 comes from local property tax dollars. To maintain the current level of services and still

keep the cost of these services affordable, the 2014 property tax levy reflects a 1.5% increase. The fastest growing categories of spending are Public Safety (Sheriff, 911 Emergency Communications, and Attorney), Public Works, and Human Services. Many of the services performed by these departments are both mandated and underfunded by the federal government and the State of Minnesota.

**2013 Approved Budget\***  
\$311,563,514

**2013 Approved Levy**  
\$111,669,173

**2014 Approved Budget\***  
\$319,550,337

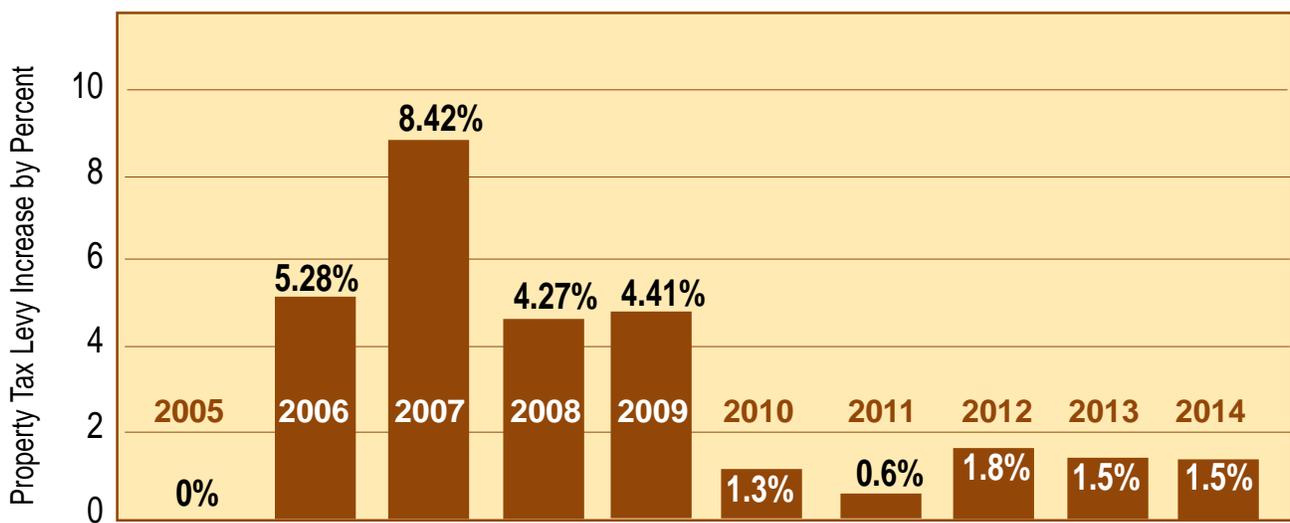
**2014 Property Tax Levy**  
\$113,344,211

**2014 Tax Levy**

**= 1.5% increase**

\*Approved Revenue Budget

**Saint Louis County Ten Year Tax Levy Percentage Increases**  
(2.9% average annual increase)



# Frequently Asked Questions about the Budget

## When is the budget prepared?

Budget preparation for 2015 will follow guidelines set by state law and County Board policy. Key dates for the 2015 budget:

- *September 9, 2014: Board adopts preliminary budget for 2015 and sets maximum property tax levy*
- *September-December: Ongoing budget discussions and revisions to the proposed 2015 budget*
- *December 16, 2014: County Board adopts final 2015 budget and property tax levy*
- *January-September 2015: Evaluation and development of modifications for 2015 budget.*

## How can I have input on the budget?

The St. Louis County Board of Commissioners meets regularly on most Tuesdays at 9:30 a.m., rotating between Duluth area and Iron Range cities. Schedules are found on the county website, [www.stlouiscountymn.gov](http://www.stlouiscountymn.gov), or by calling County Administration at (218) 726-2450. A time is set aside at every meeting for citizens to discuss issues of concern, including budget matters. Budget discussions for the 2015 budget begin in the spring of 2014.

## Why is my tax increasing?

There are only three reasons why your property tax will increase next year:

1. Your market value went up;
2. A state law change affected how your taxes are calculated; OR
3. Your city, township, school, county or special taxing district raised their property tax levy.

The county certified a 1.5% increase in the property tax levy for 2014, but your share of the total county tax bill may have increased more if your market value went up, or state laws changed.

## Does the county use increasing market values to collect more property taxes?

No. The county cannot use market value increases to raise more property tax dollars. The state requires the County Board to set a total dollar figure for tax collections each year. Any increase in YOUR specific market value does NOT bring in more tax dollars; it only increases your share of the total property tax levy.

### *Want to find out more?*

Visit the county's website at:  
**[stlouiscountymn.gov](http://stlouiscountymn.gov)**  
or, contact County Administration at  
726-2450, or write to St. Louis County  
Administration, 100 N. 5th Ave. W.  
Room 202, Duluth, MN 55802

## My value went up. What can I do about it?

Market values shown on your "Proposed Statement of Property Taxes Payable" sent from the County Auditor's Office in November are final and cannot be adjusted. If your market value has increased, you were notified of this change by mail during the prior spring. You may contact the Assessor's Office to learn how to appeal this value for next year's taxes.

## How does the county spend its budget?

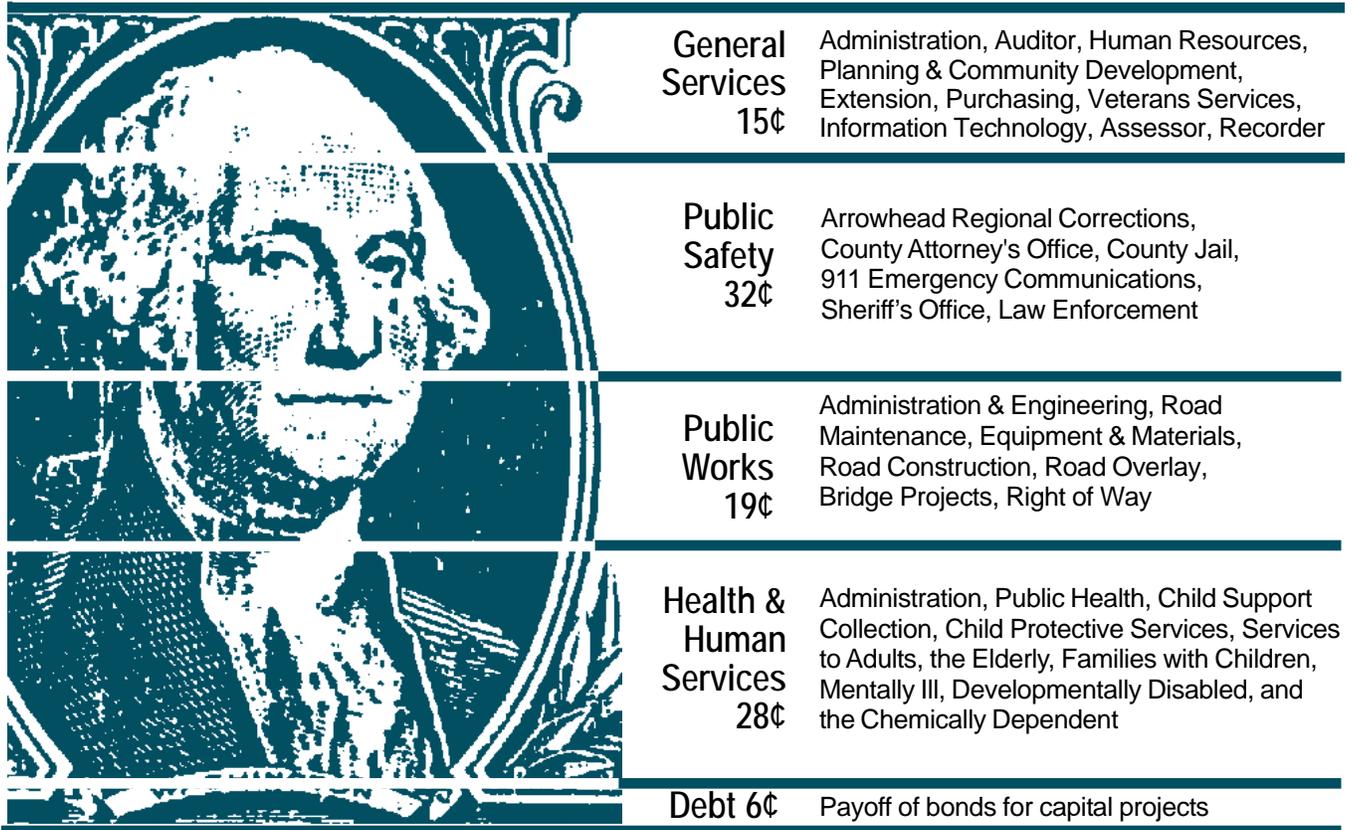
County services include:

911 Emergency Communications, Services to Families with Children, Financial Assistance Programs, Services to Vulnerable Adults/Elderly, and Mentally Ill, Crime Prosecution, Highways and Bridges, Correctional System, County Extension, Sheriff's Patrol, Jail, Surveying, Property Assessing, Recording of Public Records, Land and Minerals Management, Public Health, Environmental Services, Motor Vehicle Licensing, Services to Chemically Dependent and Developmentally Disabled, Land Use Planning & Community Development.

# Where Does Your Property Tax Dollar Go?

St. Louis County provides services to its citizens such as road and bridge construction and maintenance, 911 emergency dispatch coverage, crime prevention and prosecution, public records and property transactions recording, property assessment, immunizations, veterans services, planning and community development, environmental services, and support and protection for children, the elderly, and the vulnerable.

These services are an important part of keeping families and communities strong and healthy. The graphic below illustrates the relative cost of providing these services by category, as funded through each of your 2014 property tax dollars.



Source: Adopted 2014 Property Tax Levy

# Understanding Your Property Taxes

## Funding your local communities

As Mark Twain once said, nothing is as sure as death and taxes. Most of us would agree that some form of taxation is necessary to provide services that protect and maintain our communities. In Minnesota, property taxes are the main way local governments raise revenues for this purpose. In fact, local governments need special authorization from the legislature to raise funds in any other way. Property taxes are raised and spent locally, so your dollars benefit your community, as well as your neighboring communities.

It is important to note, when you receive your annual property tax statement from the St. Louis County Auditor's Office, that not all of your taxes are based on St. Louis County's tax levy. Your local school and city or township taxes are also listed on your combined tax statement.

## How are your taxes figured?

The State of Minnesota requires each home or business to be classified and appraised at least once every five years through an on-site inspection. This process helps maintain equitable assessment levels from one jurisdiction to another. During other years, property values must be adjusted for market changes in the area. In St. Louis County, most properties, including those in the city of Duluth, are assessed by the County Assessor's Office. In some areas independent assessors contract with local cities and townships to provide this function, but their assessments are overseen by the County Assessor.

The accuracy of St. Louis County's assessments are checked by the state annually. The state will order an "across-the-board" percentage change in a jurisdiction where the difference between what property is assessed for and what it actually has sold for falls outside an allowable range. For the fifth year in a row, St. Louis County received no adjustments to its assessments. If you disagree with the county's assessment of the value of your property, you have the option of filing a claim with your local Board of Review and, if you are still not satisfied, you can appeal to the St. Louis County Board of Equalization.

## How big is your piece of the pie?

To understand how the county portion of your property tax is figured, imagine a big pie. The tax levy set by the County Board each year is divided by the total value of all property in the county to create the tax rate. In other words, the levy figure determines how big the pie is. Your property's estimated market value, multiplied by its class rate and the tax rate, establishes your property tax payment, or how big your slice of the pie will be. The pie is recalculated each year, based on the county's levy and reassessments.

For more information about classification and valuations, call the County Assessor's Office: (218) 726-2304 in Duluth, or (218) 749-7147 in Virginia. For information about tax rates, levies and special taxing districts, call the County Auditor: (218) 726-2380. You can also reach St. Louis County offices toll free at 1-800-450-9777.



# Proposed Property Tax Statements

In November 2013, the St. Louis County Auditor distributed "Proposed 2014 Property Tax" statements to all county property owners. These notices inform taxpayers about the proposed levies certified by their city or township, their school district, and St. Louis County, and how these proposed levies could

impact the property owners' 2014 taxes. These taxes were based on the maximum proposed levy established by these jurisdictions in September.

The following factors may account for increases or decreases in your proposed property taxes:

## **Change in Market Value:**

The assessed value of your property may have increased or decreased due to new construction, improvements to your property, or the Minnesota statutory requirement that an Assessor visit and re-appraise your property once every 5 years, based on a review of actual verified sales in your local real estate market.

## **Across the Board Increases:**

Every year the Minnesota Department of Revenue monitors all arms-length real estate sales and compares each sale price to the Assessor's Market Value to determine the "sales ratio," or the accuracy of the Assessor's valuations. If the resulting ratio does not meet the statutory requirements, the state can order an across-the-board value increase or decrease in your community to more accurately reflect the actual market values and real estate conditions in the area.

## **Levy Increases:**

Your city, township, county or school district governing boards set their yearly budgets. They then set a levy amount to be raised to generate the revenue to support those budgets. The levy amount is sent to the County Auditor's Office which collects the taxes and distributes the funds to all these governmental jurisdictions accordingly.

## **Changes in Minnesota's Tax Law:**

The last several years have seen reduced financial aid from the state to local governments causing a larger portion of the cost of providing services to fall on the local property tax. In 2011 the Legislature eliminated the Homestead Credit Program, replacing it with the Homestead Market Value Exclusion, which reduced state property tax support to homestead property owners. However, the 2013 Legislature reversed years of declining support from the state, beginning to restore the partnership with local governments that had steadily declined over the past decade.

# Changes in Your Property Taxes

## Property tax reform

Over a decade ago, the Minnesota Legislature's property tax reforms shifted taxes from apartments and businesses to residential properties. Higher priced homes also benefited from tax reform, with many of St. Louis County's lower-priced residences picking up the difference.

In addition to these increases, homeowners may have seen increased property tax bills if the value of their property increased. Each property is required to be assessed at least once every five years to determine its true market value.

## Phase-out of Limited Market Value

In the past, increases in market value were phased in over a series of years at a maximum of 8.5% per year to spare homeowners large jumps in value and property taxes. However, this Limited Market Value law was eventually eliminated in 2009, so taxes payable in 2010 were based on the actual appraised value of the property, rather than a value which had been kept artificially low in previous years.

## Homestead Exclusion replaces Homestead Credit

In 2011 Minnesota Lawmakers ended the government shutdown, in part, by eliminating the Homestead Credit which previously had reimbursed cities, counties, and school districts for the homestead tax reduction given to homeowners. This shifted \$261 million dollars to the local property tax payers throughout the state.

The Homestead Credit was replaced with the new Homestead Exclusion which provides a reduced tax benefit to homesteaders. The "exclusion" is actually a reduction in the taxable value of the homesteaded property and therefore still provides a homestead "benefit". However, the reduced taxable value of homesteaded properties means that cabins, apartments, businesses and higher valued residential properties, which don't receive a reduction in taxable value, are now burdened with a larger share of the total tax bill.

## Total tax determined by many jurisdictions

Finally, property owners may see tax increases if their local units of government increase their tax levies. St. Louis County approved a 1.5% levy increase for 2014. Other factors which might impact your specific property tax may include a market value increase, or increased city, township, or school district levies in your area. Voters in your school district may have approved excess school operating levy referendums, as well. The actions of these separate jurisdictions could all impact your total combined property tax bill.

## Relief may be available

There is some relief offered to Minnesota homeowners in the form of property tax refunds. New income guidelines and a higher refund amount mean more taxpayers will qualify, and may receive larger property tax refunds. For more information, visit the state's website at: [www.taxes.state.mn.us](http://www.taxes.state.mn.us) or call its tax help line at (651) 296-3781.

