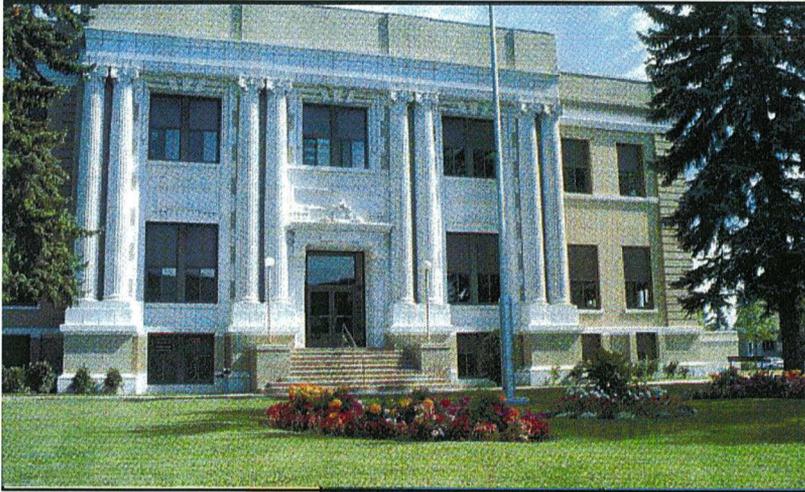
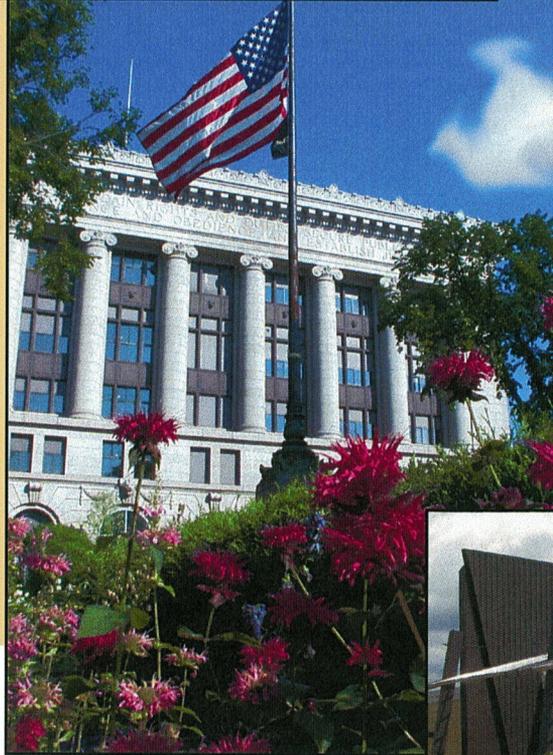


S A I N T LOUIS COUNTY M I N N E S O T A



Virginia Courthouse



Duluth Courthouse

customer service
accountability
transparency

An Overview
of the
Structure &
Operating
Budget of
St. Louis
County
Government



Hibbing Courthouse Annex

An Overview of the Structure and Operating Budget of Saint Louis County Government

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Administrator's Comments

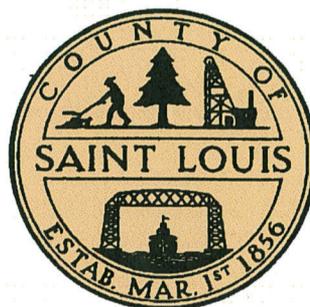
The 2010-2011 budget for St. Louis County reflects difficult decisions brought about by constrained resources due to economic conditions and the lingering effects of State budget problems. County departments have prepared fiscally prudent budgets with minimal reliance on levy, despite reduced State assistance and other factors outside of their control, such as new State mandates and insurance costs. However, should intergovernmental aid continue to decline in proportion to total revenues, or unfunded mandates increase in relation to expenditures, further restructuring and redesign of service delivery will be required.

To address these challenges, the 2010-2011 budget process included a greater focus on core programs and services, to enable the County Board to determine which services should receive priority for funding and which services may be curtailed based on resource constraints. An effort is also underway to place this budget in a longer-term context through development of fiscal planning projections for 2012 and 2013.

Along with continued focus on the use of workforce performance levels and productivity, and scrutiny of spending decisions, the county is well positioned to respond to future constraints and budgetary changes.

The 2010-2011 budget reflects a great deal of effort by staff in all county departments. The following budget objectives allow St. Louis County to provide quality services in a cost-effective manner to keep the property tax rate at the lowest amount possible: *Customer Service* - improving efficiency for our customers and focusing expenditures on core services; *Accountability* - maintaining fiscal discipline and budgetary sustainability; and *Transparency* - improving allocation of resources in accord with Board priorities. But even with these objectives, there is no question that St. Louis County's greatest resource is its employees; their skills and efforts are our assurance that the county will meet and overcome any challenge it may face.

Kevin Z. Gray
County Administrator

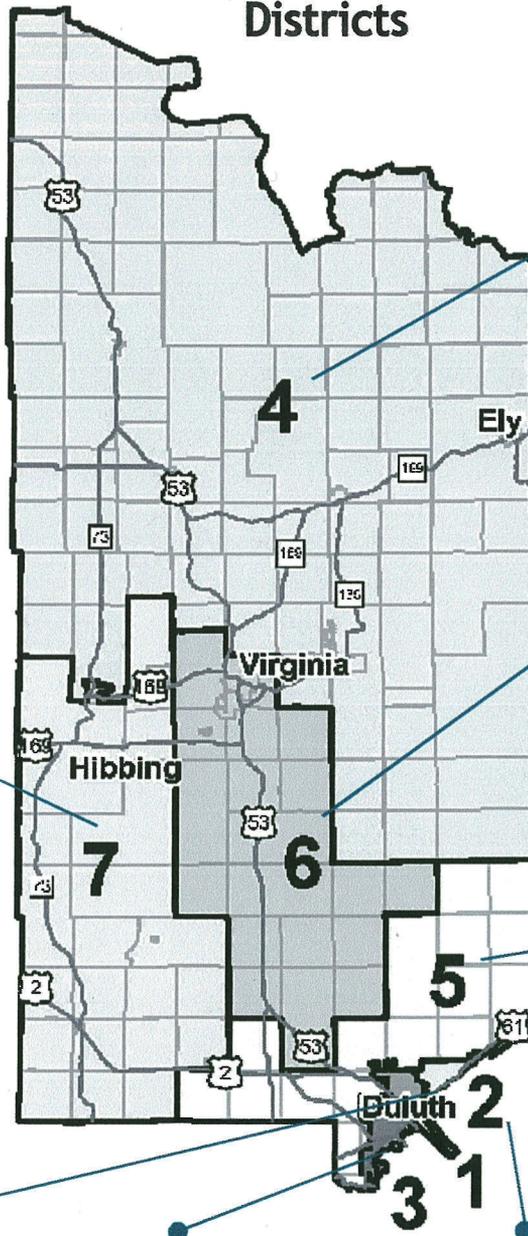


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2009-2010 Saint Louis County Board

Most Minnesota counties have five elected Commissioners. Because St. Louis County's population is over 100,000, it is legally permitted to have seven Commissioners. Each one represents approximately 28,647 people, or one-seventh of St. Louis County's population (200,528). Therefore, Commissioners representing less populated areas have large geographic districts, while those who represent urban areas have smaller districts.

County Commissioner Districts



Mike Forsman - 4th District
Ely area and northern townships
(218) 365-8200
forsmanm@co.st-louis.mn.us



Keith Nelson - 6th District
Virginia area and east-central townships
(218) 749-7108
nelsonk@co.st-louis.mn.us



Steve Raukar - 7th District
Hibbing area and west-central townships
(218) 262-0201
raukars@co.st-louis.mn.us



Peg Sweeney - 5th District
Proctor/Hermantown area and southern townships
(218) 726-2450
sweeneyp@co.st-louis.mn.us



Dennis Fink - 1st District
Central Duluth
(218) 726-2458
finkd@co.st-louis.mn.us



Chris Dahlberg - 3rd District
Western Duluth
(218) 726-2562
dahlbergc@co.st-louis.mn.us



Steve O'Neil - 2nd District
District Eastern Duluth
(218) 726-2359
oneils@co.st-louis.mn.us



County Government Structure

History of County Government

The 87 counties in Minnesota are rapidly changing 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 the county delivers its services and, sometimes, the structure of the county itself. In their infancy, counties were organized to be administrative agencies of the state. In addition to serving as an administrative arm of the state, counties are now providing services to their citizens which are far beyond the original scope of county government.

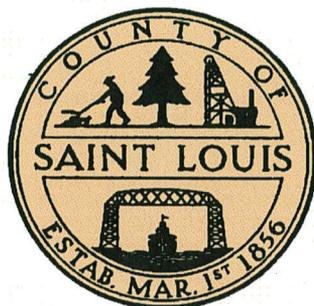
Traditionally, counties performed state mandated duties which included assessment of property, record keeping (i.e. property records and vital statistics), maintenance of rural roads, administration of election and judicial functions, maintaining the peace in rural areas, and providing relief for the poor. Today, counties are rapidly moving into other areas of government support, including 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 generally provided by the federal and state governments through their income maintenance programs.

County Boards of Commissioners

County boards are elected by district, serve a four-year term, and are responsible for the operation of the county and the delivery of county services. The number of commissioners on a county board in Minnesota is usually five. Counties with a population of over 100,000 may, by board resolution, increase the size of the county 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 County Officials

Beginning in the Jacksonian Era and afterwards, it became the practice of county government to increase the number of elective county offices. Appointed positions were changed into elected ones and new elected offices were developed. This caused the list of elected officials to grow from a few such as the coroner and the sheriff, to many, including election of the auditor, recorder, treasurer, surveyor, clerk of court, watershed district directors, judge of probate, assessors and attorneys.



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County Government Structure (continued)

Since the mid-1960s, counties and the state have gradually reduced the number of elective county offices. Hennepin and Ramsey counties were the first to be given organizational reform by special legislation. Today, that list of counties also includes Anoka, Blue Earth, Scott and Washington. In those counties, the positions of county auditor, treasurer and recorder are no longer elective positions. However, the positions of county sheriff, county attorney and watershed district directors, as well as the governing board, continue to be elective positions. In addition, Dakota, Olmsted and St. Louis Counties appoint the position of county recorder, however the county auditor/treasurer continues to be an elective position.

In 1987, enabling legislation was passed to allow Ramsey County to become a "home rule charter" county. Ramsey County has now established its home rule charter, operates under the guidance of that charter, and is the only home rule charter county in Minnesota. In the early 1970s, clerks of court (now court administrators), county coroners, and county surveyors became appointed positions. In 1973, the *Optional Forms of County Government* legislation was passed. While this offers several major options for the modernization of county government, most counties have instead made structural changes by seeking special legislation.

In recent years, twenty-nine Minnesota counties have combined the position of county auditor and county treasurer into one elected position.

Professional County Management

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

St. Louis County adopted a county administrator plan for the professional management of the county. Under this plan of government, the administrator is appointed by the county board to serve as the head of the county for the management of 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 also is 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. As of December 2000, fifty-four Minnesota counties had 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.

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 boards and commissions, 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 the effectiveness of county commissioners. Useful experiences include having operated a business; service on a township, school board or city council; 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 \$86,808 annually.

St. Louis County commissioners are considered full-time employees and collect a 2008 annual salary of \$53,694. The chair of the board receives an additional \$500 per year. 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)

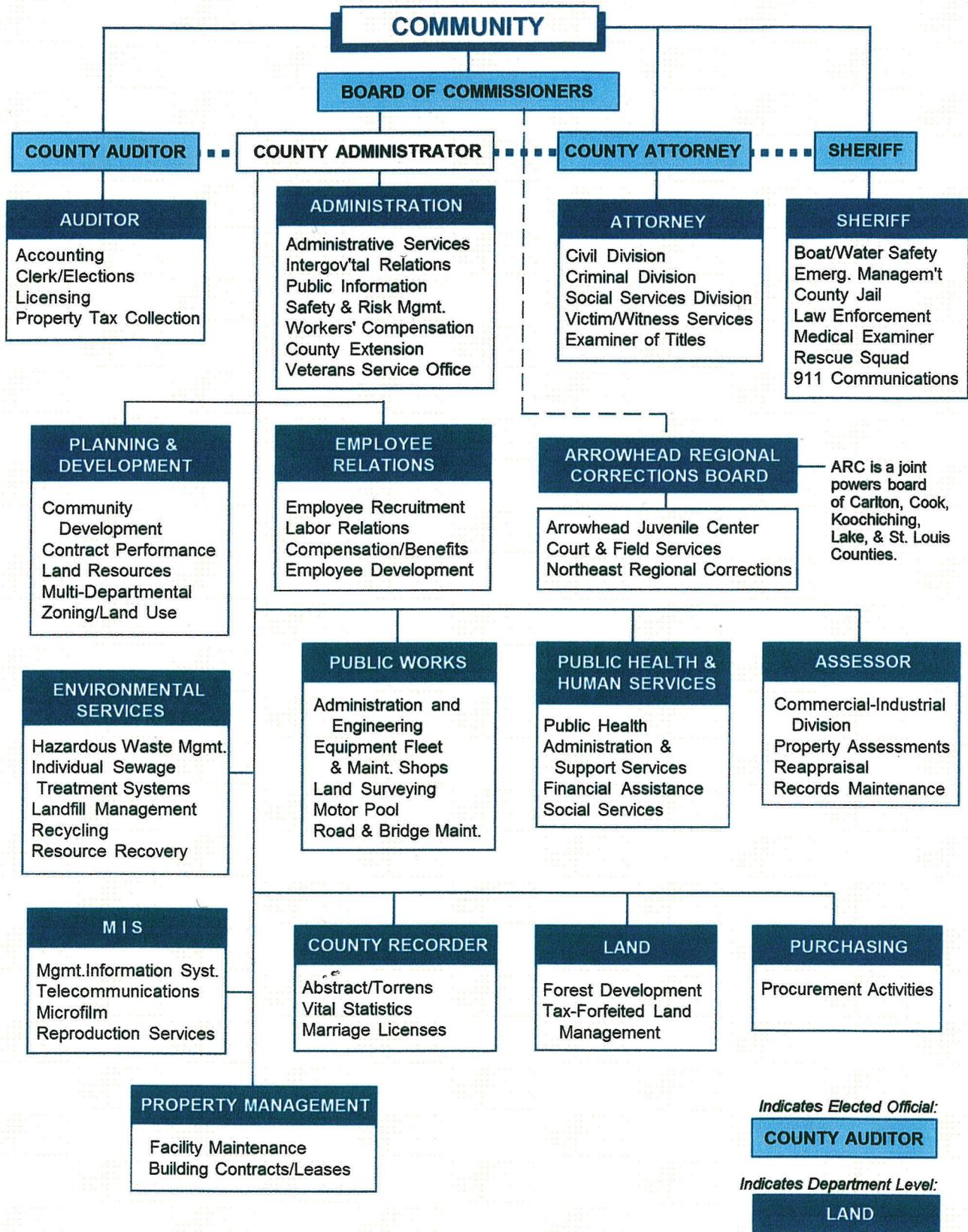
County Management: Taxation/Finance

- Review, adjust and adopt the annual county 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 for the county in areas such as investments, reserve policy, short-term borrowing, use of bonds and risk management/insurance.
- Monitor the overall fiscal health of the county 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 budget covering major county expenditures over a series of years.
- 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, day care centers, nursing homes, developmental achievement centers, extension services, regional development commissions, hospitals, 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.

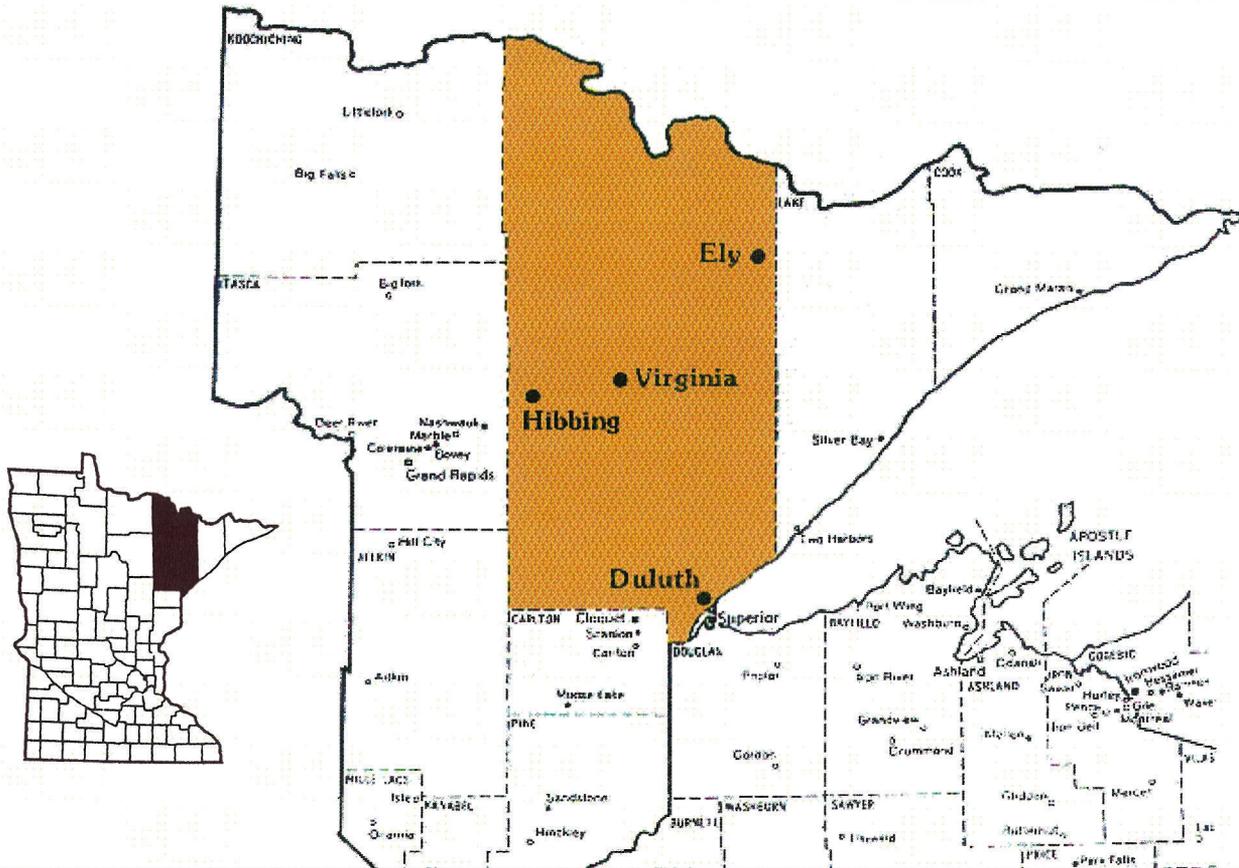
County Management: Other Functions

- Adopt appropriate ordinances for the enforcement of county-wide actions.
- Other duties and responsibilities that may be enacted by the federal government, state legislature and governor.

Organizational Summary



Main Office Locations/Employee Summary



2010 Personnel Summary

FULL TIME EQUIVALENT EMPLOYEES

2005	2006	2007	2008	2009	2010
2,015	2,001	2,010	1,982	1,918	1,698

St. Louis County employs nearly 1,700 people whose operations are performed in four main population centers. Courthouses are found in Duluth, Hibbing, and Virginia, and a Government Services Center is located in 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	64%
Virginia	22%
Hibbing	10%
Ely	3%
scattered sites	1%
	100 %

*Since 2002 total number of employees has been decreased by 566 full time equivalents.

Summary of 2010-2011 Budget

Following significant declines in state aid and consequent county budget reductions in preceding years, as well as current limitations on intergovernmental aid, the 2010-2011 budget process has been one of ongoing adjustments and realignments to reflect a lower level of state assistance and reductions in overall revenue. Departments were directed to prepare budget requests with minimal use of new property tax levy.

During budget meetings held with the County Board of Commissioners, Administration was directed to limit overall increases in levy amounts. With few exceptions, departments presented budgets with constant service levels showing a clear understanding of resource constraints.

The basis for developing the 2010 budget was to provide adequate funding for same-level high-priority expenditures such as public safety, corrections, public works infrastructure, and care for the needy and vulnerable. The approved budget contains no significant increases or reductions in these programs. The goal of the County Board is to identify core services that cannot be provided by other agencies. This resulted in the discontinuation of community foods and assisted living programs that had been long-standing county programs, but were now duplicated by the private sector. Additionally, Chris Jensen Health & Rehabilitation Center was transferred to a private provider of long term care with an expected property tax savings of over \$2 million per year.

The property tax levy for 2010 is only 1.3% higher than in 2009. As in past years, the County Board used the product of new construction and inflation as a benchmark in determining a maximum levy

increase. This means that if property values remain stable, the tax bill for the average property owner will remain the same as last year or even go down, all else being equal.

Continued careful evaluation of future revenue potential and core functions will be undertaken by Administration and the County Board. St. Louis County will need to make difficult decisions in the future to maintain its fiscal health in light of limited state support and increasing program costs.

St. Louis County is able to project revenues for the upcoming budget year by analyzing legislative changes, and the impacts these changes will have on the county's revenue base. This is particularly true of the county's three largest sources of revenues: property taxes (32.9%), intergovernmental aid (33%), and charges for services (15.2%). Because of recent decisions by the Governor of Minnesota to "unallot" promised financial aid to counties, low priority programs must be considered for elimination or other revenues need to be identified to compensate for this loss. Clearly, revenue diversification will continue to be a priority for St. Louis County to avoid increased reliance and further increases in the property tax.

Two other factors bear noticing in comparing revenues from year to year. First, the state take over of court financing has reduced revenue from fines and forfeitures (along with corresponding expenditures). Second, intergovernmental aid is sensitive to assistance for capital projects and, since this financing is due to decline over the next few years, the funding amount in this category is not directly comparable.

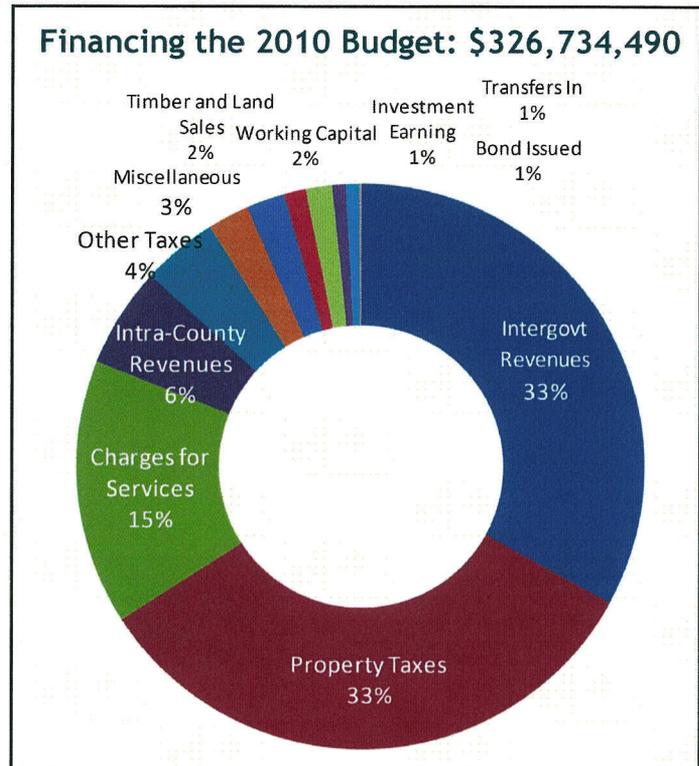
2010-2011 Budget Process

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 2010-2011. 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 departments then prepare their line item budgets. In light of ongoing fiscal challenges, the emphasis has been to provide core services in the most economical and efficient manner possible. A major emphasis of 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 15, 2009, the County Board approved a maximum property tax levy for 2010. The proposed property tax portion of the 2010 budget is \$107,428,991, representing a 1.30% increase over 2009. The final budget was approved on December 15, 2009. The *"Proposed Property Tax Statements"* that homeowners and businesses receive in November of each year contain estimates of the following year's property taxes owed, 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. St. Louis County has a two-year budget process, with 2009 being the second year in the biennium.



A large portion of the financing for the St. Louis County 2010 budget is made up of state and federal funds and fees and service charges. The total budget is \$ 326,734,490 with \$107,803,376 (33%) coming as intergovernmental aid from the state and federal governments, \$49,546,267 (15.2%) from charges for services, and \$107,428,991 (32.9%) from local property taxes, which is \$1,383,584 over the amount of taxes collected in 2009. The remaining portion of the budget is funded from the sources identified in the above graphic.

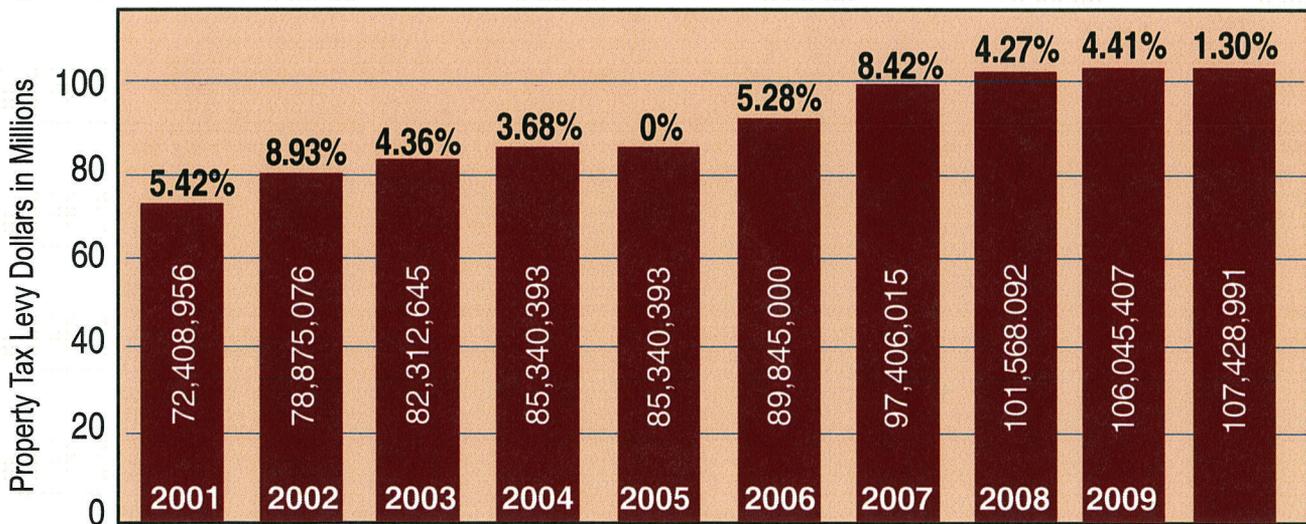
Budget & Levy Comparisons for 2009 and 2010

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 2010 County revenue budget, made up of state and federal revenues, fees, licenses, and property tax dollars, is \$326,734,490. Of this amount, \$107,428,991 is derived from local property tax dollars. To maintain the current level of services and still keep the cost of these services affordable, the 2010 property tax levy reflects a 1.3% increase. The fastest growing categories of spending for St. Louis County are Public Safety (Sheriff, 9-1-1 Emergency Communications, and Attorney), Public Works, and Human Services. Unfortunately, the services performed by these departments are both mandated and underfunded by the federal government and the State of Minnesota.

2009 Approved Budget* \$360,704,730	2009 Approved Levy \$106,045,407
2010 Approved Budget \$326,734,490	2010 Property Tax Levy \$107,428,991
2010 Tax Levy	= 1.3% increase

*Approved Revenue Budget

Saint Louis County Ten Year Tax Levy Comparison (4.6% average annual increase)



Source: St. Louis County Administration Department

FAQs about the Budget

When is the budget prepared?

The budget for 2010 follows guidelines set by state law and County Board policy. 2010 is the first year of a two-year budget process. Key dates for the 2010 budget are:

- *September 15, 2009: Board adopts preliminary budget for 2010 and sets maximum property tax levy*
- *September-December: Ongoing budget discussions and revisions to the 2010 budget*
- *December 15, 2009: County Board adopts final 2009 budget and property tax levy*
- *January-September, 2010: Evaluation and development of modifications for 2010 budget.*

How do I get my voice heard on the budget?

The St. Louis County Board of Commissioners meets regularly on most Tuesdays, rotating between Duluth and Range cities. Schedules are found on the county website, www.co.st-louis.mn.us, 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 2011 budget begin in the spring of 2010.

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 tax.*

The county certified a 1.3% increase in the property tax levy for 2010, but your share of the total county tax bill may have increased more if your market value went up.

Doesn't the County use increasing market values to collect more property tax?

No. The county cannot use market value increases to raise more property tax dollars. State law requires the County Board to set a total dollar figure for tax collections; any increase in YOUR market value does NOT bring in more tax dollars; it only increases your share of the total property tax levy approved by commissioners.

Want to find out more?

**Visit the county website at:
www.stlouiscounty.org
or, contact County Administration at
726-2450, or write to St. Louis County
Administration, 100 N. 5th Ave. West
Room 202, Duluth, MN 55802**

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

Market values shown on your "truth-in-taxation notice" 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 in the spring. Contact the Assessor's Office to learn how to appeal this value for next year's taxes.

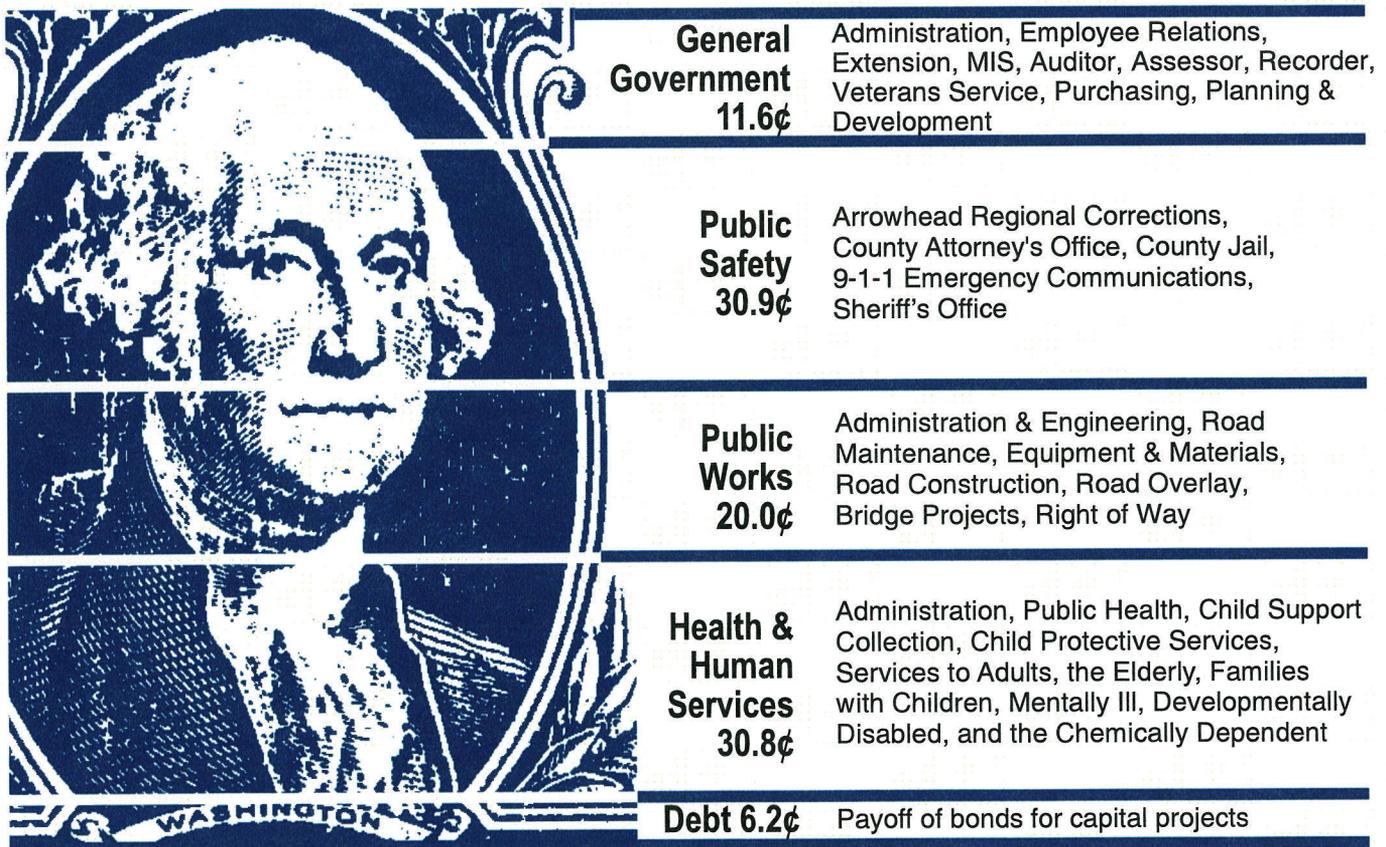
How does the County spend its budget?

County services include: 9-1-1 Emergency Communications, Services to Families with Children, Financial Assistance Programs, Services to Adults/Elderly, Prosecution of Crimes, Services to Mentally Ill, Highways and Bridges, Correctional System, County Extension Service, Nursing Home, Sheriff Patrol, Courts, Jail, Surveying, Jobs Program, County Assessing, County Recording, Land Management, Child Care Programs, Public Health Nursing, Environmental Services, Motor Vehicle Licensing, Solid Waste Management, Services to Chemically Dependent, Services to Developmentally Disabled, Community Development Block Grant.

Where Does Your Property Tax Dollar Go?

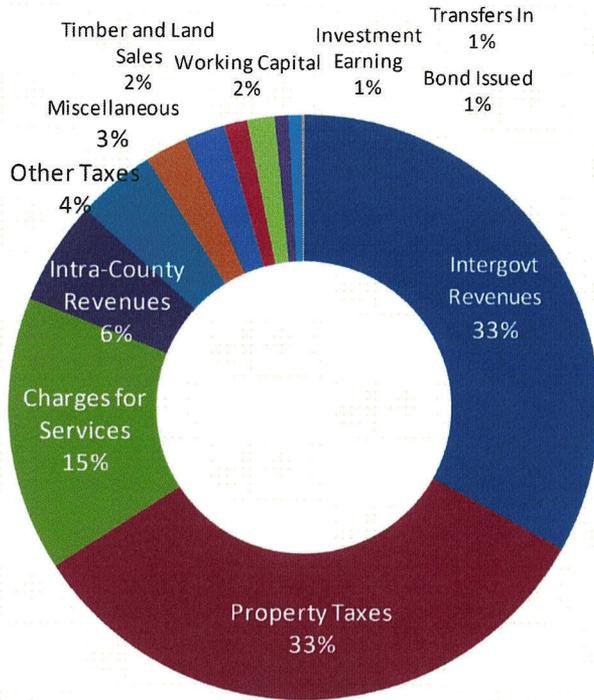
St. Louis County provides services to its citizens such as road construction and maintenance, 9-1-1 emergency coverage, crime prevention and prosecution, document recording, property assessment, immunizations, veterans services, planning and development, solid waste services, and support for children and the elderly.

These services are an important part of keeping families and communities strong and healthy. This graphic shows the relative cost of services funded through each of your 2010 property tax dollars.



Source: St. Louis County Administration, Proposed 2010 Property Tax

2010 Revenue and Expenditure Summary

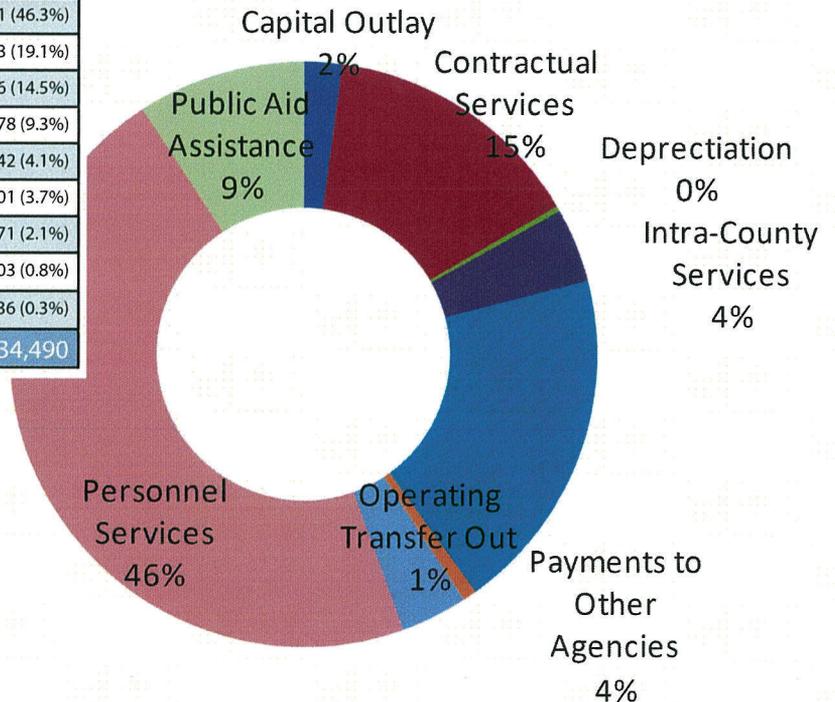


Revenue

Source	2010 Revenue
Intergovernmental Revenues	107,803,376 (33.0%)
Property Taxes	107,428,991 (32.9%)
Charges for Services	49,546,267 (15.2%)
Intra-County Revenues	18,650,050 (5.7%)
Other Taxes	14,075,095 (4.3%)
Miscellaneous	7,693,216 (2.4%)
Timber and Land Sales	7,160,000 (2.2%)
Working Capital	4,907,907 (1.5%)
Earnings on Investment	4,077,685 (1.2%)
Bond Issued	2,508,750 (0.8%)
Transfers In	2,471,503 (0.8%)
Fines and Forfeitures	241,000 (0.1%)
Licenses and Permits	159,650 (0.0%)
Gifts and Contributions	11,000 (0.0%)
TOTAL	\$326,734,490

Expenditures

Activity	2010 Expenses
Personnel Services	151,220,941 (46.3%)
Materials	62,382,593 (19.1%)
Contractual Services	47,199,666 (14.5%)
Public Aid Assistance	30,231,078 (9.3%)
Intra-County Services	13,377,642 (4.1%)
Payment to Other Agencies	12,088,101 (3.7%)
Capital Outlay	6,755,371 (2.1%)
Operating Transfers Out	2,471,503 (0.8%)
Depreciation	1,007,536 (0.3%)
TOTAL	\$326,734,490

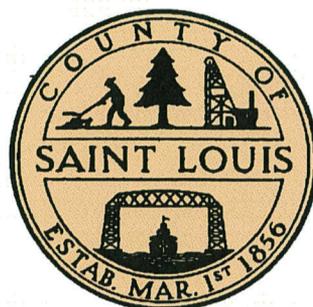


Truth-In-Taxation Requirements

The St. Louis County Board must certify to the County Auditor the proposed property tax levy for 2010 on or before September 15th in compliance with the Truth-In-Taxation provisions of Minnesota law. Public hearings are normally held in early December for taxes payable in 2010, but this requirement can be changed by legislative action each year. The County Auditor/Treasurer was required to send all county property owners individual parcel-specific property tax notices no later than November 24, 2009. The notices informed property owners of the proposed county, school district, township, city, and special taxing district tax collections that are due on their property, and payable in 2010.

County Commissioners adopted the 2010 final budget and tax levy at their regular County Board meeting on Tuesday, December 15, 2009. Under state statutes, the levy adopted by the County Board could not exceed the proposed levy certified on September 15, 2009.

According to the county's budget policies, commissioners may add or remove expenditure items, or may increase or decrease such expenditure items in the budget, except those that are fixed by state law, such as debt service. The Board ultimately adopted the budget by approval of an appropriation resolution and tax levy resolution on December 15, 2009. The County is required by state law to have a balanced budget, meaning that total estimated resources for each fund (anticipated revenues plus fund balance) may not be less than total estimated expenditures. The necessary resolutions to put the budget into effect are prepared and included in the final budget document. The budget may be amended during the fiscal year by a majority vote of the County Board. However, amendments to the budget must identify a revenue source for financing for any proposed expenditures.



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Understanding Your Property Taxes

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 which protect and maintain our communities. In Minnesota, property taxes are the main way local governments raise revenues. In fact, local governments need special authorization from the legislature to raise funds 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 tax statement.

How are your taxes figured?

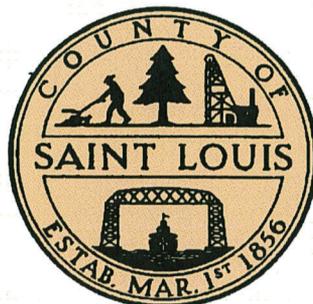
The state of Minnesota requires each home or business to be classified and appraised at least once every five years through an on-site inspection. This process helps maintain equitable assessment levels from one jurisdiction to another. During other years, property values must be adjusted for market changes in the area. In St. Louis County, most properties outside the City of Duluth are assessed by the County Assessor's Office. In some areas local assessors 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. 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 (the lowest amount of money that will bring the highest level of services) 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 the class rate and the tax rate, establishes your property tax payment; that is, how big your slice of the pie will be. The pie is redivided each year, based on the county's levy and reassessments. School districts and other municipalities use a similar process when determining their portion of your taxes.

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



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Changes in Your Property Taxes

Property Tax Reform

Nearly a decade ago, the Minnesota Legislature's property tax reforms were designed to shift 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 has increased. Each property is required by state law to be assessed at least once every five years to determine its true market value based upon comparable sale prices during the preceding five years.

Phase-out of Limited Market Value

In the past, such 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, the 2005 State Legislature changed the formula for calculation of Limited Market Value for taxes payable in 2006. For taxes due in 2006, increases in market value were limited to the greater of (a) 15% increase, or (b) 25% of the difference between the current year and the prior year. Limited Market Value was expected to "sunset" after taxes payable in 2007, but legislation passed in 2005

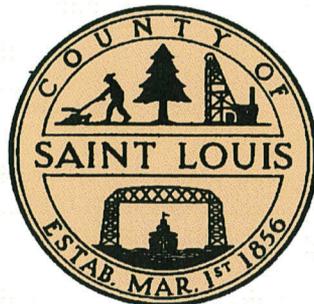
extended that for two additional years, through taxes payable in 2009. Therefore, taxes payable in 2010 are based on the actual appraised value of the property rather than a value which has been kept artificially low in previous years.

Total tax determined by many jurisdictions

Finally, property owners may see tax increases if their local units of government increased their levies. St. Louis County approved a 1.3% levy increase for 2010. Other factors which might impact your property tax include a market value increase, or increased city, township, and 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 all impact your total 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 or call its tax help line at (651) 296-3781.



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Proposed Property Tax Statements

In November 2009, the St. Louis County Auditor distributed "Proposed 2010 Property Tax" statements to all County property owners. The notices informed each taxpayer 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 owner's 2010 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 property taxes:

Change in Market Value:

The assessed value of your property may have increased due to new construction, reassessment, or change in tax capacity.

Across the Board Increases:

The Minnesota Department of Revenue may have ordered an across-the-board value increase in your community in order to more accurately reflect the assessed values with the actual market values resulting from recent property sales.

Levy Increases:

The proposed taxes levied by your city/township, county or school district may have increased or decreased.

Changes in Minnesota's Tax Law:

The Minnesota Legislature has reduced taxes for businesses, apartments, and recreational properties. To make up for this lost revenue, the cost has shifted to residential homes, especially lower-valued homes. Therefore, you may have seen substantial increases in your taxes over the past few years, even if cities and counties did not raise taxes. The school district's portion of your taxes will be up as well because of legislative action in 2005 that gave local school boards discretionary authority to raise property taxes over the next two years through special school levy referendums. These may have been approved in your area, resulting in higher taxes for schools.

County Administrative Officials

ADMINISTRATOR

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

ASSESSOR

David Sipila
218-749-7100

ATTORNEY

Melanie Ford
218-726-2323, fax: 218-726-2332

AUDITOR/TREASURER

Don Dicklich
218-726-2380

CORRECTIONS/PROBATION DIRECTOR

Tom Roy 218-726-2633, fax 218-726-2638
(shared with Carlton, Cook, Koochiching
& Lake Counties)

DEPUTY ADMINISTRATOR, PUBLIC POLICY

Gary Eckenberg
218-726-2447

DEPUTY ADMINISTRATOR, OPERATIONS

Linnea Betzler Mirsch
218-733-2747

*EMERGENCY COMMUNICATIONS (9-1-1)

Marcus Bruning (Sheriff's Office)
218-726-2920

EMPLOYEE RELATIONS DIRECTOR

Martha J. Watson
218-726-2422, fax: 218-726-2332

*ENVIRONMENTAL SERVICES DIRECTOR

Ted Troolin
218-749-9703

INTERGOVERNMENTAL RELATIONS

John Ongaro (Administration)
218-726-2455, fax: 218-726-2469

*LAND COMMISSIONER

Robert Krepps
218-726-2606

*MIS DIRECTOR

Martin Buscombe
218-726-2019

*PLANNING & DEVELOPMENT DIRECTOR

Barbara Hayden
218-725-5008

PROPERTY MANAGEMENT DIRECTOR

Tony Mancuso
218-725-5087

*PUBLIC HEALTH & HUMAN SERVICES DIRECTOR

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

PUBLIC INFORMATION

Administration Department
218-726-2447, fax: 218-726-2469

*PUBLIC WORKS DIRECTOR/COUNTY ENGINEER

Jim Foldesi
218-625-3840, fax: 218-625-3888

*PURCHASING DIRECTOR

Richard Florey
218-726-2663

RECORDER

Mark Monacelli
218-726-2677

*SAFETY & RISK MANAGEMENT DIRECTOR

Joe Austin (Administration)
218-726-2139

SHERIFF/CIVIL DEFENSE DIRECTOR

Ross Litman
218-726-2341

* VETERANS SERVICE DIRECTOR

Richard Dumancas (Administration)
218-725-5285

*Location other than Duluth Courthouse
Revised January, 2008