



SCALE

Scott County Association For Leadership And Efficiency

Government Without Borders: Working Together to Strengthen Each Other
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On Friday, September 16, members and guests of the Scott County Association for Leadership and Efficiency (SCALE) gathered for a meeting that featured a Metropolitan Council update; a comprehensive presentation recent legislative changes to the Market Value Credit; and an overview of the SCALE Transportation and Economic Development Committee's recently released report on strategies and opportunities for economic growth in our larger community.

Metropolitan Councilmember Gary Van Eyll -- who represents Carver County, Scott County, and a small portion of western Hennepin County -- briefly informed the members that the report on the Vikings' stadium proposal is due to the Council by the end of this or the beginning of next month. He then introduced **Wes Kooistra**, the assistant regional administrator for the Council and longtime Savage resident. "I've heard many good things about this group," Kooistra noted.

Prior Lake Mayor Mike Myser, this year's SCALE chair, then introduced **Keith Carlson** (Executive Director, Minnesota Inter-County Association) and **Patricia Nauman** (Executive Director, Metro Cities) who spoke at some length on the oft-misunderstood and complicated topic of recent changes to the state's Market Value Credit. Essentially, they noted, this program -- instituted by the State Legislature in 1967, ostensibly to help ease the property tax burden on lower-valued homes -- has been effectively replaced by a Market Value Exclusion for tax payable year 2012. (This change essentially solved \$261 million of the state's \$5 billion shortfall.) In sum, "This program was designed to provide homes with values less than \$414,000 with a 'credit' to reduce the overall property tax bill," Carlson noted. The taxpayers did receive the credit; however, in many cases, the local governments designated to receive the offset in the form of a state reimbursement received significantly lower (and, in some instances, none of the) payments than were certified.

Now, in eliminating the credit-based program with an exclusion-based approach, "... the mechanics of the transition will cause tax rates -- and taxes for most properties -- to go up," Carlson said. Simply stated, properties that once qualified for the credit will now be given an exclusion on a certain proportion of their values on a sliding scale (with the higher exclusions on the lower end of the property value spectrum). Unfortunately, with the elimination of these values from the overall tax base, the tax rate will invariably rise *even without any change to the local governments' revenue or levy*. "It's simply a matter of compensating for the loss in tax base," he noted. "And lower-valued homes may not escape this increase either."

After much discussion and expressed consternation over the overly complicated nature of Minnesota's property tax system, **Representative Michael Beard** echoed the members' frustration by deeming the system "... a ball of spaghetti." Chair Myser spoke for the apparent consensus of the membership, stating "... If it's difficult for all of use to understand this, how can we possibly explain it to our residents? This seems about as clear as mud right now." Carlson and Nauman added that there is a group currently working on developing an explanatory piece designed for property taxpayers that will, hopefully, be able to clarify the most essential points of the transition. "But at the very least," Carlson said, "This move will eliminate what has really been 'false advertising' on the part of the state."

Deputy County Administrator **Lezlie Vermillion** then introduced **Michele Foster** (Foster Real Estate Advisory Services) to provide a brief overview of the Economic Development Strategy Group's report of findings on the strengths, weaknesses, opportunities, and strategic recommendations for fostering economic growth and development in the larger Scott County community. Ranging from more refined and targeted marketing to applied land use and infrastructure principles, the six-page summary can be found on the SCALE website at www.scaleinfo.org.

Please join us next month at the SCALE meeting on **Friday, October 14 at 7:30 a.m.** at Prior Lake City Hall, and don't forget to keep reading *the SCENE's* SCALE page, out every other month!

"The mission of SCALE is to forge new and innovative ways in which government entities can collaborate to provide superior services while making the most of limited resources."