

2025

# ASSESSMENT REPORT



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# Executive Summary

The 2025 Assessment Report has been prepared by the Minnetonka assessing division for use by city council, residents and staff. The report includes general information about the assessment process as well as specific information regarding the 2025 assessment.

The 2025 assessment has been completed for all properties in Minnetonka, and property owners will receive a valuation notice in early March 2025. The 2025 assessment applies to property taxes payable in 2026.

The assessor's office is required by State law to value property at market value, which is defined as the value the assessor estimates your property would likely sell for on the open market. Assessing staff uses mass appraisal to value property, and the assessment is approved and monitored by Hennepin County and the Department of Revenue. Properties are physically inspected every five years and reappraised annually.

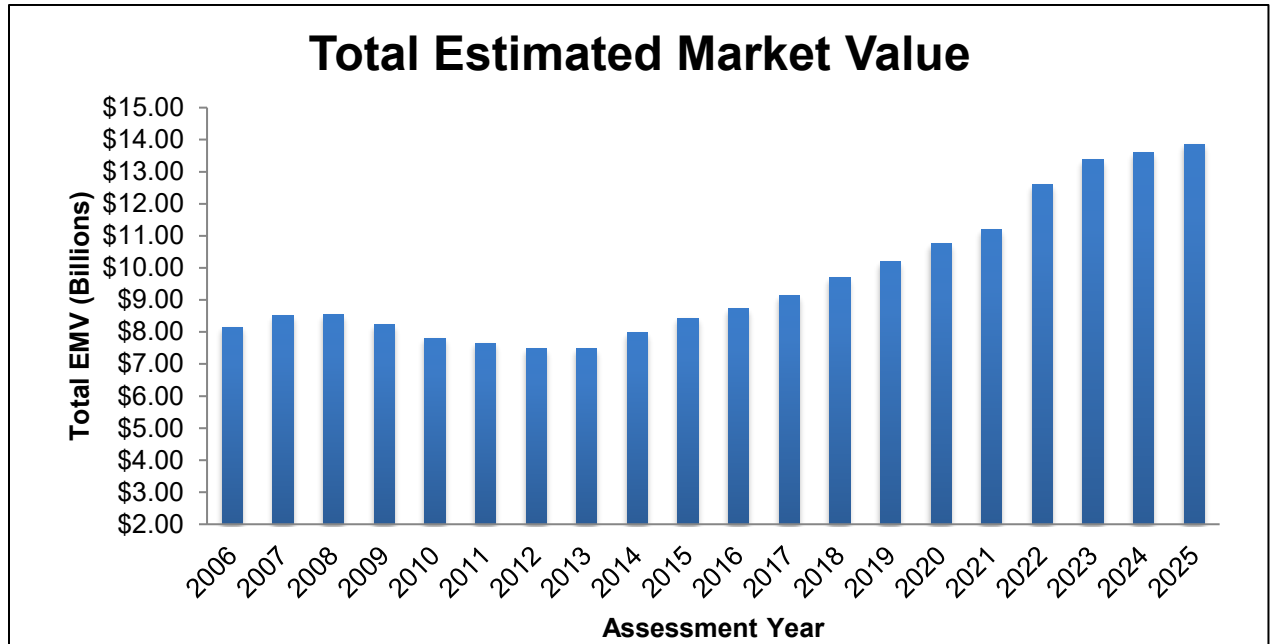
The total estimated market value for Minnetonka in assessment year (AY) 2025 is \$13.86 billion, a 2 percent increase from \$13.59 billion in AY 2024. Approximately 72 percent of the total market value comes from residential property, while about 28 percent comes from commercial, industrial, and apartment properties. The table below outlines the growth (including new improvements) in the market by main property classifications and will be explained in further detail throughout the report:

	<b>Overall Growth</b>	<b>Total Change (millions)</b>
Single-household Residential	4.1%	\$300.4
Lakeshore	8.9%	\$49.8
Townhouses	2.3%	\$18.3
Condominiums	-0.7%	-\$4.9
Commercial	-0.5%	-\$8.0
Industrial	1.1%	\$4.3
Apartments	-1.2%	-\$21.8
Other Property Types	4.6%	\$9.0
<b>Total Change</b>	<b>2.6%</b>	<b>\$347.2</b>

# 2025 Assessment from a Historical Perspective

The 2025 property assessment for Minnetonka is complete. Property owners will receive a Notice of Estimated Market Value in March. The 2025 property assessment applies to property taxes payable in 2026 and reflects market conditions between October of 2023 and September of 2024. With values finalized, the overall movement in the city’s real estate market is clear.

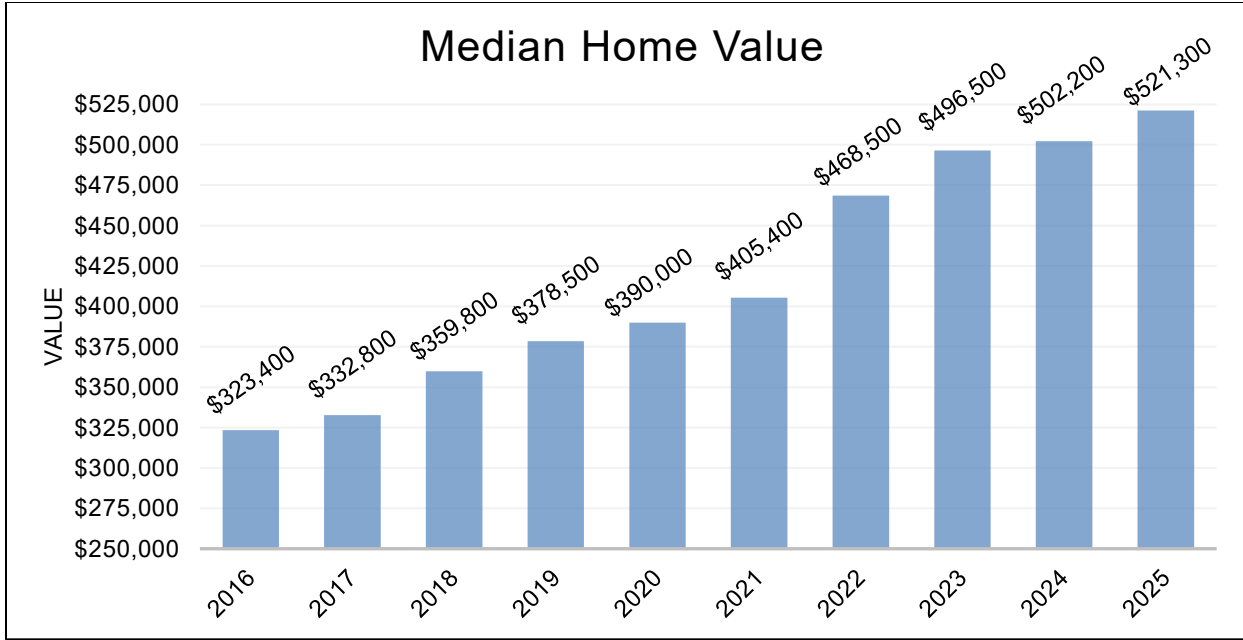
Other than during the years of the Great Recession, the City of Minnetonka has typically experienced steady growth in the market value of real property since the early 1990s, as depicted in the chart below. The total estimated market value of real estate in Minnetonka is \$13.86 billion, establishing a new high above the peak of \$13.59 billion in AY 2024.



A similar trend is observed for median home values in the City of Minnetonka as they have also steadily increased over the past ten years, as noted in the chart on the following page. The median home value for 2025 is \$521,300.

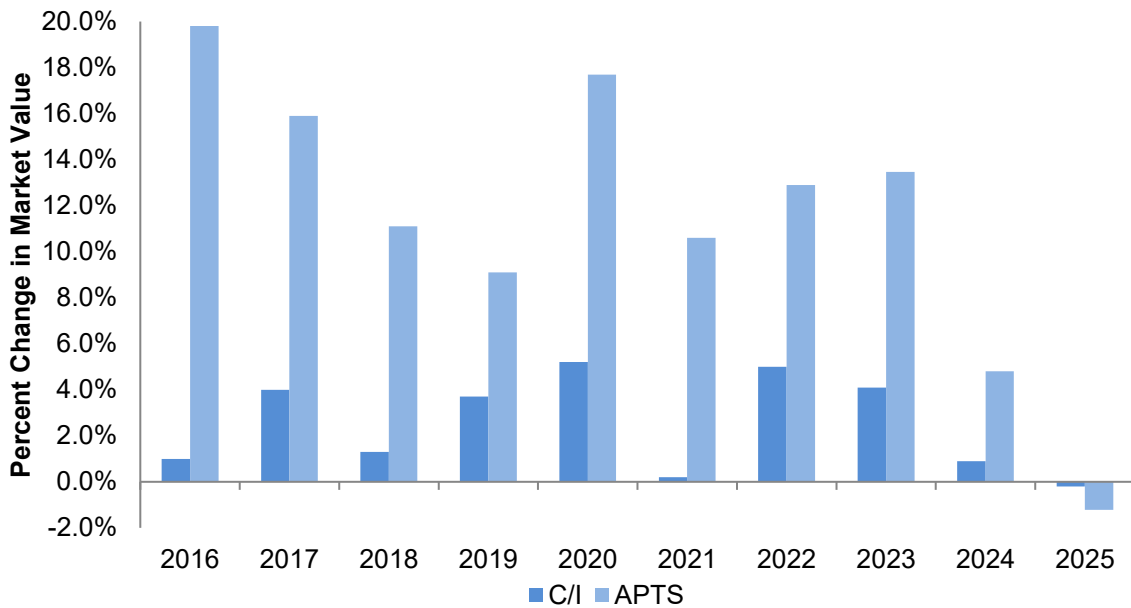
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\*The Minnetonka data and statistics used in this report are from the 2025 assessment approved by Hennepin County on February 5, 2025. The data and statistics may not precisely match the 2025 Hennepin County Assessment Report due to the timing or the methodology used in calculating the statistics.



For AY 2025, the commercial markets exhibited changes in value varying by market sector. While the office sector saw values decrease, the retail and hotel sectors showed increases. The overall net change for all commercial markets was a slight decline. Industrial continues to show strength and remains steady as the world shifts towards delivery-reliant distribution centers. After years of significant growth, apartments saw a slight decrease for AY25.

### Commercial/Industrial and Apartment

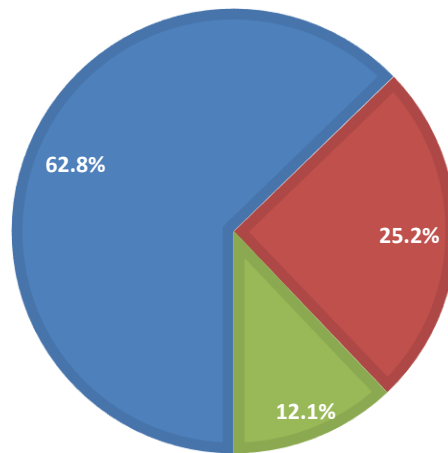


# Tax Capacity

The property tax capacity of a city is structured by state law and is used to allocate property taxes each year. The total tax capacity is divided among property classes to determine the allocation of the property taxes paid by class. Tax capacity is a function of market value. When the proportions of value by property class within a jurisdiction change, the tax capacity changes. Single-household residential properties represent the majority of the total tax capacity in Minnetonka, followed by commercial/industrial, and then apartments. Even though 72 percent of the value in Minnetonka is generated by the residential market, only 63 percent of the tax capacity is residential due to the higher class rates for commercial/industrial and apartments.

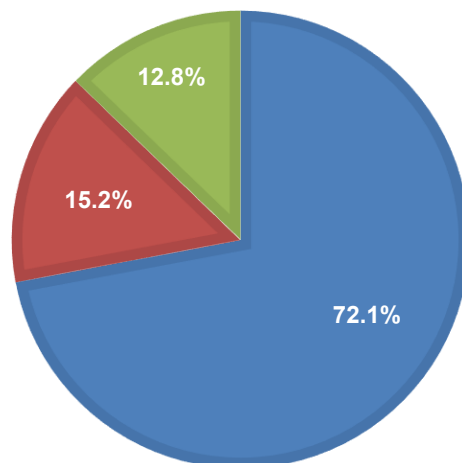
## 2025 TAX CAPACITY

■ Residential ■ Commercial/Industrial ■ Apartments



## 2025 MARKET VALUE

■ Residential ■ Commercial/Industrial ■ Apartment



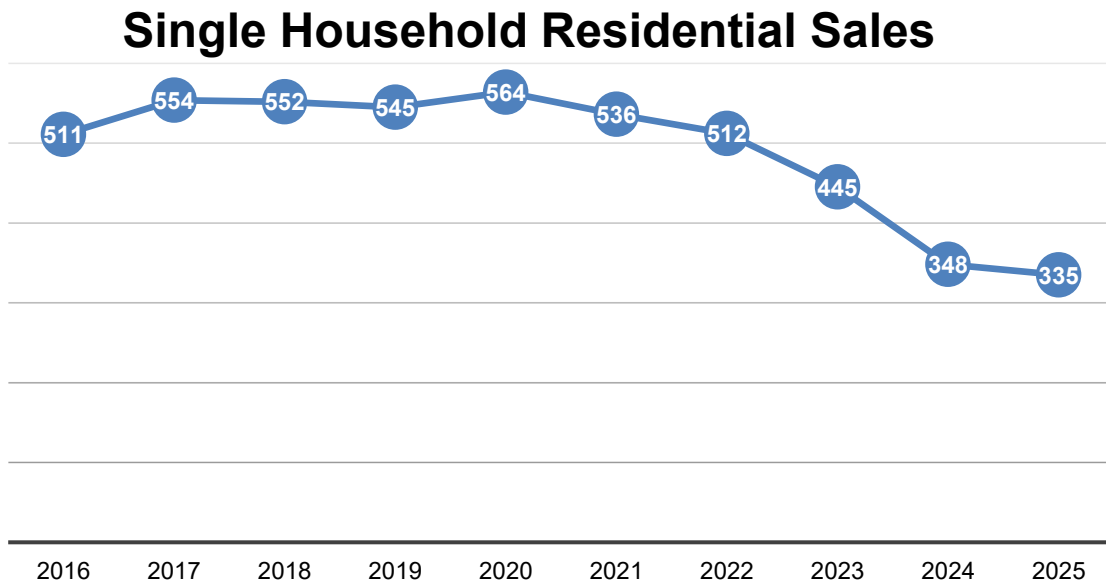
# The Residential Market

In Minnetonka, roughly 95% of the 20,944 taxable parcels are residential. To value these residential properties via mass appraisal, assessors conduct reassessment inspections on a quintile schedule, every five years, to verify property characteristics such as quality, size, condition, etc. They also analyze individual neighborhoods and their locational attributes. Then assessors compare and analyze the sale prices of comparable properties citywide and adjust for differences between the subject property and the comparable sales with the help of a computer-aided mass appraisal (CAMA) system. The city uses the Local Government Information Systems (LOGIS) property data system (PDS) to determine a land value and building value annually for each residential property to produce an accurate and equitable assessment.

## Residential Sale Data

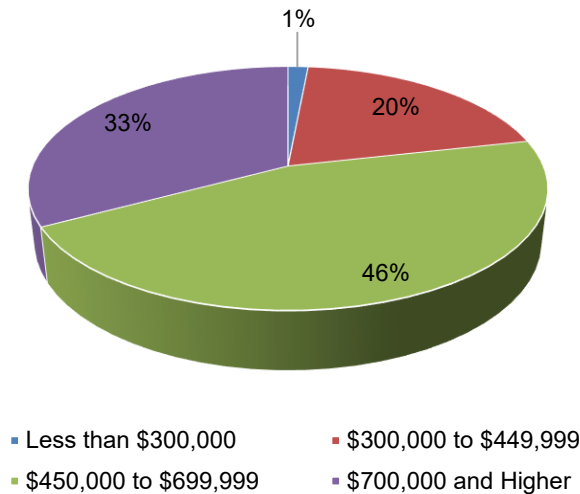
Using sales during the sales study time period, assessors carefully consider all factors that could affect current market conditions and adjust accordingly. Residential values can change at varying rates due to differing property characteristics or submarket conditions, but the general trend indicates that most residential properties increased between 0 and 5 percent during this assessment year.

As illustrated in the following graph, the number of qualified single-household home sales has been declining over the past five years. Since 2023, this can be attributed to high interest rates and a low inventory of homes.



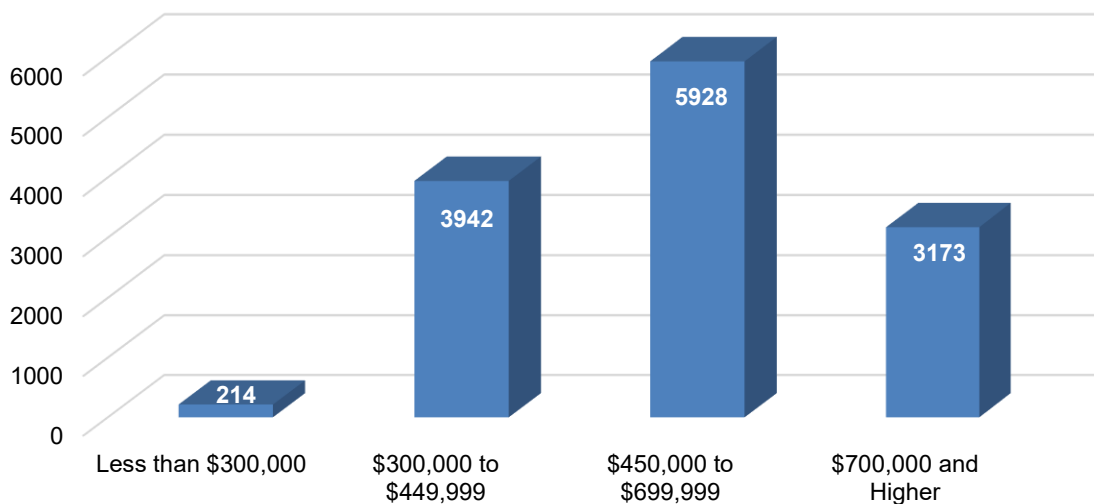
The 2025 Distribution of Sales by Price chart below indicates the largest segment of home sales for AY 2025 is represented by homes selling for \$450,000 - \$699,999 (46 percent), followed by homes selling for \$700,000 and higher (33 percent), then by homes selling for \$300,000 - \$449,999 (20 percent), and finally by homes that sold for less than \$300,000 (1 percent). The two higher-priced strata of sales combine to account for 79 percent of sales over the study period, indicating that the majority of sales continue to be the higher-valued homes.

### 2025 Distribution of Sales by Price



The chart below utilizes the same parameters as stated above to reflect the 2025 value distribution. This illustrates that for AY 2025, very few homes remain valued under \$300,000.

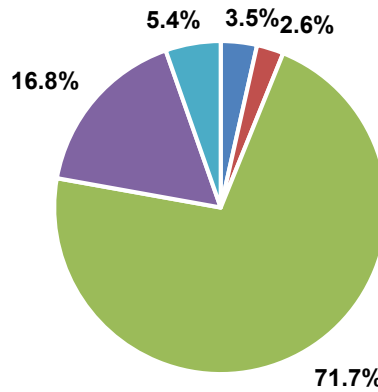
### 2025 Value Distribution



## 2025 Percentage Change in Value

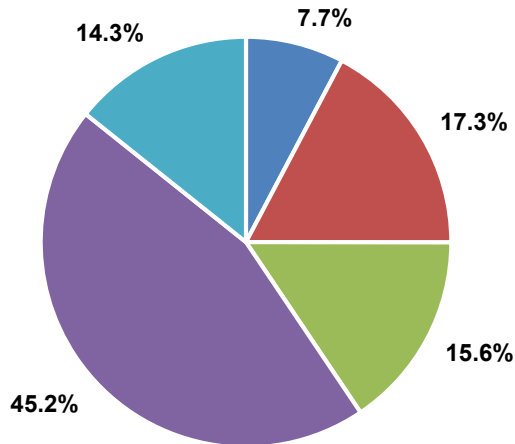
Various segments of the residential market are illustrated in the charts below. Most of the single-household market saw between .01 to 5.0 percent increases in value, followed by those seeing 5.01 to 10.0 percent increases. Townhome and condo value changes can vary by development, but most townhome parcels saw .01 to 5.0 percent increases in value, followed by those seeing .01 to 5.0 percent decreases in value. Similarly, condos mostly saw either .01 to 5.0 percent increases in value or .01 to 5.0 percent decreases in value.

### Single Household



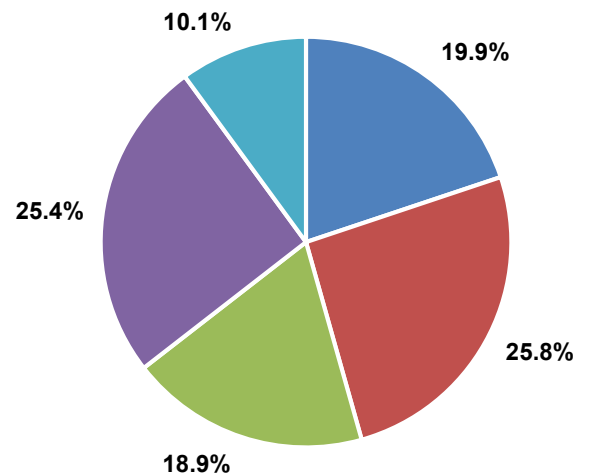
■ Minimal Decrease ■ No Change ■ .01-5.0% Increase ■ 5.01-10.0% Increase ■ Over 10% Increase

### Townhomes



■ Greater than 5% decrease ■ .01 to 5.0% decrease  
 ■ No Change ■ .01 to 5.0% increase  
 ■ Greater than 5% increase

### Condos



■ Greater than 5% decrease ■ .01 to 5.0% decrease  
 ■ No Change ■ .01 to 5.0% increase  
 ■ Greater than 5% increase

Residential market data throughout neighboring jurisdictions is listed in the chart below. Throughout the west metro, single-household residential real estate net increases were in the range of 0.8 percent to 3.3 percent. Minnetonka’s growth of 3.3 percent was the highest of our neighboring cities, and within a percent difference from all but one.

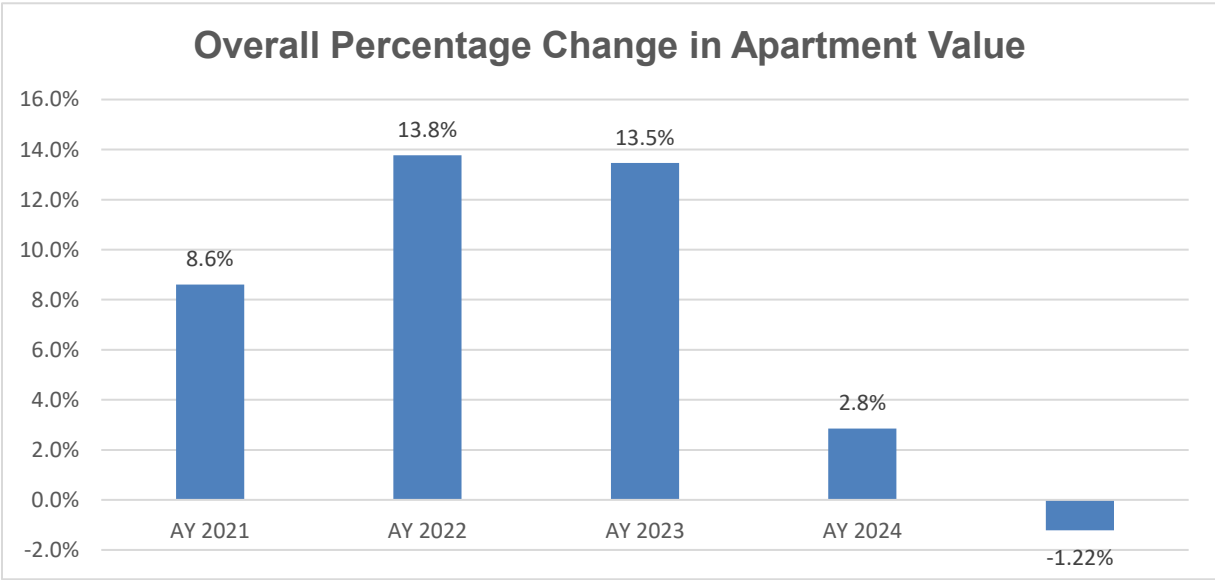
<b>Single-Household Market Adjustments</b>			
<b>Jurisdiction</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Bloomington	1.7%	-0.1%	0.8%
Edina	6.7%	3.1%	2.3%
Maple Grove	1.0%	0.2%	2.5%
Plymouth	5.3%	0.5%	2.9%
St. Louis Park	0.5%	1.1%	2.9%
Eden Prairie	4.5%	0.8%	3.1%
Minnetonka	4.9%	0.8%	3.3%
Average	3.5%	0.9%	2.5%

# The Apartment Market

The apartment market in Minnetonka is down slightly for AY 2025. After experiencing strong growth in AY 2022 and 2023, the Minnetonka apartment market experienced a cooling off for AY 2024 for existing apartments. This is consistent with both the Twin Cities metro area and national trends. Sale prices per unit decreased on existing apartment buildings throughout the metro. Both the strong growth of the market in 2022 and 2023 and the cooling off of 2024 and 2025 may be attributed to interest rates in those respective time frames.

Minnetonka has contributed to the active metro new construction apartment market. AY 2025 new construction value of over \$17 million is correlated to two partially completed projects in the city as of the January 2, 2025 assessment date. These two projects will add 472 new multi-household units to Minnetonka upon their completion.

	AY 2021	AY 2022	AY 2023	AY 2024	AY 2025
<b>Total EMV:</b>	\$1,352,358,900	\$1,538,665,100	\$1,745,844,600	\$1,795,591,100	\$1,773,760,100
<b>New Value:</b>	\$ 94,468,000	\$ 21,250,000	\$ 101,197,500	\$ 139,212,000	\$ 17,122,000

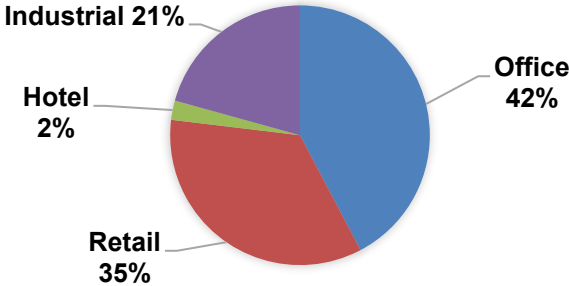


# The Commercial and Industrial Market

While only three percent of the assessed parcels in Minnetonka are commercial or industrial, these property types have historically comprised a significant share of the tax base (tax capacity). For AY 2025 (taxes payable in 2026), the commercial and industrial share is 25.2 percent.

Commercial properties consist of office, retail and hotel sectors. The chart below displays the market value share of the commercial and industrial submarkets for AY 2025. The sectors stayed relatively consistent from AY 2024 to 2025, though the office portion decreased by three percent as the retail share increased by two percent and industrial increased by one percent.

## MARKET VALUE BY COMMERCIAL AND INDUSTRIAL SECTOR



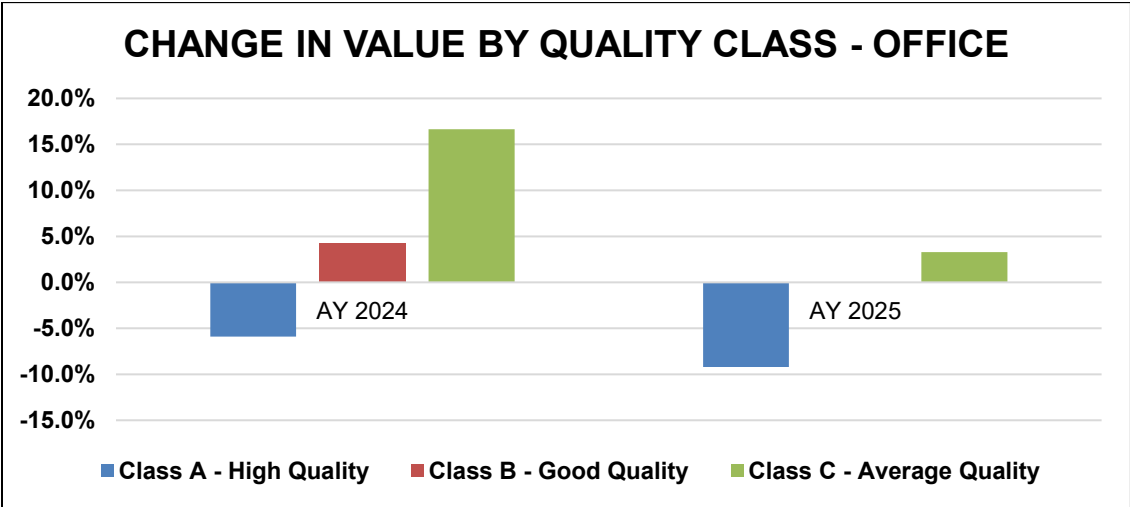
Changes in gross market values for these real estate sectors vary due to several factors. The various commercial real estate submarkets can change independently and at different rates depending on demand within the sector. Commercial real estate can be more sensitive to socio-economic trends as the general outlook of real estate investors is based on the anticipation of relatively short-term gains. The pandemic did have both an immediate and long-term effect on the commercial markets. The most significant immediate effect was on the retail and hotel sectors, which both showed reductions in value in AY 2021, though most of those retail values have recovered to pre-pandemic levels or higher. In contrast, the longer-term effects of the pandemic have been playing out more recently in the office market as it has become more evident that the shift to work-from-home is more permanent and prevalent than anticipated. Overall office values declined in AY 2025 with larger properties decreasing the most as demand has continued to wane and vacancies increase. The industrial market has continued the growth pattern of the last ten years, though the rate of change has slowed.

COMMERCIAL MARKET VALUE CHANGE BY SUBMARKET AND ASSESSMENT YEAR					
	2021	2022	2023	2024	2025
Office	1.54%	2.60%	1.92%	-3.18%	-3.23%
Industrial	4.09%	10.30%	6.20%	2.95%	1.06%
Retail	-1.75%	5.53%	5.93%	5.05%	4.35%

# Office Market

On the whole, the office market continued to have a downward turn in value for AY 2025. With many companies working on a hybrid or entire work-from-home schedule, less office space is needed than before the pandemic. Many of these companies have reduced the amount of space they occupy, resulting in an oversupply of available area for lease or sublease. With increased risk and uncertainty is a higher rate of return desired by an investor. Combining higher capitalization rates with growing vacancy rates and rent concessions, results in lower prices paid for investment-grade office properties.

Large Class A buildings that lack desirable amenities, suffered most. As displayed below, the Class B remained flat and the smaller Class C space saw a small increase as these tend to be owner/user-type buildings. They also tend to be smaller properties, making them more affordable to buyers even with increased values.



New construction in the office sector for AY 2025 was limited to tenant improvements and remodeling of existing buildings. Many Class B and C properties continued to be renovated to become more competitive in the future or for use by owner-occupants.

# Retail and Hotel Market

The retail sector was affected to varying degrees by the pandemic. In AY 2025, retail saw continued growth throughout the subtypes. Some strong subtypes include full-service restaurants and strip/convenience properties. In addition, Ridgedale Mall saw a slight increase in value due to higher occupancy and foot traffic.

Minnetonka’s hotel sector was hit the hardest by the pandemic. Hotels decreased in value by large percentages in AY 2021 and saw some recovery in AY 2022 and 2023. For AY 2025, we saw values trend upward based on two hotel sales within Minnetonka. This will be an area the city will continue to watch closely and analyze in future years.

## Industrial Market

The Minnetonka industrial market continues to increase with moderate growth. Higher rents and lower vacancies were the story again in 2024, though not to the magnitude of prior years. This continued growth through the pandemic and post-pandemic can be seen on a county-wide and regional basis as well. Flex-industrial style properties saw a bit of decline, but all other types of industrial properties contributed to the AY 2025 industrial growth.

The city will likely continue to see redevelopment and creative changes in the use of its industrial properties. Especially older industrial in locations that could be put to better use. Functional and well-located industrial properties are still in demand by investors.

## Commercial Net Growth

The following chart displays the average net growth of seven adjacent cities surveyed for the 2025 assessment. The seven-city range was negative 3.7 percent to positive 1.5 percent growth. Minnetonka’s average change of negative 0.6 percent falls above the seven neighboring cities’ average of negative 1.2 percent.

Commercial Market Adjustments			
Jurisdiction	2023	2024	2025
Maple Grove	5.6%	0.9%	1.5%
Bloomington	2.9%	1.0%	0.1%
Minnetonka	2.6%	-0.6%	-0.6%
Edina	5.8%	-2.4%	-1.3%
St. Louis Park	5.5%	1.1%	-2.1%
Eden Prairie	4.1%	-1.4%	-2.4%
Plymouth	7.8%	1.3%	-3.7%
Average	4.9%	0.0%	-1.2%

# Serving the Public

The City of Minnetonka's Assessing Division takes pride in serving the City of Minnetonka not only as public employees but also as appraisers. Assessors are a vital link between residents and their taxes. The assessing division's primary goal is to provide high-quality services to their taxpayers by:

- Providing excellent customer service
- Maintaining accurate property records via property visits at least once every five years
- Helping taxpayers understand the appraisal process and the Minnesota taxation system
- Accurately estimating the market value of every parcel on an annual basis
- Producing impartial, objective and independent value estimates without bias
- Analyzing sales to make a fair and equitable assessment
- Using statistics to measure market trends to check the accuracy of our assessment
- Working with taxpayers during an appeal or inquiry

## Customer Service

The assessing division consistently strives to provide exceptional customer service for its residents. We work to listen to taxpayer concerns, answer questions in a timely manner, and handle all interactions with professionalism, competence and integrity. It is important to us that residents feel heard, understood and respected.

The Minnesota taxation system is complex. Property owners are encouraged to call the assessing division with questions about their estimated market value or classification, learn about special property tax programs or gain a better understanding of the appraisal process.

Fairness and equity are the core of the assessing profession, and our appraisers work diligently to produce fair, impartial, objective, independent and equitable value estimates without bias. The assessing division upholds the Uniform Standards of Professional Appraisal Practice, which states, "An appraiser must promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics."

The assessing division has many quality control processes in place. These quality checks include verifying data and using statistics to check the accuracy and equity of our assessment. Where there is evidence that a property has been valued inequitably, our department is committed to working with taxpayers to verify our data and make appropriate adjustments, if necessary.

## Maintain Property Records

Minnesota Statute requires assessors to physically inspect all properties at least once every five years to ensure data quality and market value accuracy.

The assessing division maintains records for every real estate parcel in the city. Records are kept in a computer aided mass appraisal (CAMA) system called Property Data System (PDS), and information includes size, location and interior and exterior characteristics. PDS assists the assessor in both record-keeping and valuation. Each property record is verified and updated at

least once every five years in three main ways: quintile review, permit review, or value Inquiry review.

Quintile review is required by Minnesota Statute at least once every five years and typically takes place during the summer months. Each year, one-fifth of Minnetonka property owners receive a letter by mail notifying them that an assessor will be coming out to the property for a quintile review. During this review, the appraiser verifies the accuracy of the property record, including the interior and exterior of the property, physical characteristics and measurements. Neighborhood values are analyzed for accuracy and equity.

Permit review, or new construction review, occurs when a property's current market value might be affected by new construction, additions, remodeling, demolition or disaster. The permit review typically takes place during the fall months. Residents with recent building permits may receive a letter indicating their property needs to be reviewed.

Property owners can request a value inquiry review at any time throughout the year. Staff will verify the property's characteristic and physical changes and review the property for accuracy and equity.

All data is retained electronically, allowing for statistical comparisons of properties by type and location. Any value estimate is only as good as the data the appraiser has available. Physical inspections are an essential way to ensure the data is correct. The assessing division encourages residents to work with the assessing staff to view the interior of their homes whenever possible, providing an equitable and fair assessment for all.

## **Determining Market Value**

Minnesota Statute requires assessors to evaluate all real property for taxation purposes. All properties are taxed based on their classification and estimated market value. A property's classification is based on its primary use. Classification rates are determined by Minnesota state law. The estimated market value of a property is the price that a property would sell for on the open market. Minnesota state law requires assessors to value property at full market value.

## **Sales Data**

The assessing division uses a mass appraisal computer system called Property Data System to maintain sales information. Assessors use sales data to gain important information about the local real estate market, such as market trends, marketing times, supply and demand and vacancy rates. With the help of the Property Data System, assessors are able to make statistical comparisons of properties and make generalizations of market trends to assist them in determining an accurate and equitable estimate of market value.

The State of Minnesota requires assessors to verify and review every sale within their jurisdiction. Sales data is compiled into an annual sales ratio study conducted by the Minnesota Department of Revenue. The purpose of this study is to evaluate the accuracy and uniformity of assessments and to ensure compliance with property tax laws.

For a sale to be included in the Sales Ratio Study, the sale must meet certain criteria outlined in the Minnesota Department of Revenue's Sales Ratio Criteria. Minnesota Statute requires all real

estate sales to be reported on an electronic Certificate of Real Estate Value (eCRV). The assessing division reviews, verifies, analyzes and summarizes every eCRV within the city. Using the sales ratio criteria, appraisers are able to determine if a sale is a good indication of market value and if it should be included in the study. There are many reasons why a sale might be excluded from the Sales Ratio Study, including, but not limited to, related parties or business affiliates, foreclosure sales, unusual financing, estate sales or non-open market sales.

The sales ratio is the relationship between the assessor's estimated market value and the actual sales price of a property. The sales ratio formula is:

$$\text{Sales Ratio} = \text{Estimated Market Value} / \text{Sale Price}$$

The acceptable level of assessment in Minnesota is a sales ratio measurement between 90% and 105%. For estimated market values outside of this range, the Department of Revenue may order the assessor to adjust property values. The City of Minnetonka's median sale ratio for the 2025 assessment was 95.1 percent for residential property.

## The Appeals Process

The property appraisal system provides individual property owners the right to appeal. Minnetonka's assessment procedures offer this opportunity through inquiries from the property owners to the staff, appeals to the Local Board of Appeal and Equalization (LBAE), appeals to the County Board of Appeal and Equalization (CBAE), and appeals to the Minnesota State Tax Court.

Key steps in the market value appeals process are:

**1. Staff Review** – It is important for anyone having questions about their market value or the assessment process to contact the assessing staff. A vast majority of property owners' concerns can be resolved through this administrative review. The last day on which the assessing staff can make changes without having Local Board approval is **March 28, 2025**.

**2. Local Board of Appeal and Equalization (LBAE)** – The Local Board of Appeal and Equalization will meet on **April 7** and **April 21, 2025**. Staff will attempt to provide complete information regarding each property that is the subject of an appeal. We request that property owners contact the assessing division in advance of the meeting if they intend to appeal. The Minnetonka City Council appoints local real estate professionals as advisors to the LBAE. A property owner who is unsatisfied with the assessing staff's review may appeal to the board. Property owners can reach the assessing division by phone at 952-939-8220 or by email at [assessor@minnetonkamn.gov](mailto:assessor@minnetonkamn.gov). Property owners who wish to be on the agenda are requested to contact the assessing division by **March 28, 2025**, to notify staff of their intent to appeal.

**3. County Board of Appeal and Equalization (CBAE)** – Property owners may appeal the decision of the LBAE to the CBAE, which meets on **June 16, 2025**. The property owner must first appeal to the Local Board to be eligible to appeal to the County Board. Owners are requested to call to make an appointment with the CBAE by **May 21, 2025** to be placed on the agenda. The number to call is 612-348-7050.

**4. State Tax Court** – Property owners may appeal the decision of the CBAE to the State Tax Court. Petitions regarding the 2024 value for taxes payable in 2025 must be filed by **April 30, 2025**. Petitioners may choose to appeal directly to the Minnesota Tax Court. It is common practice for commercial/industrial property owners to take this approach due to the complexity of the issues. For more information, contact the Minnesota Tax Court at 651-296-2806.

To provide a complete understanding about the appeals process, the assessing staff has posted information on the City of Minnetonka website to assist property owners. Staff may be reached at 952-939-8220.

**Appeal History**

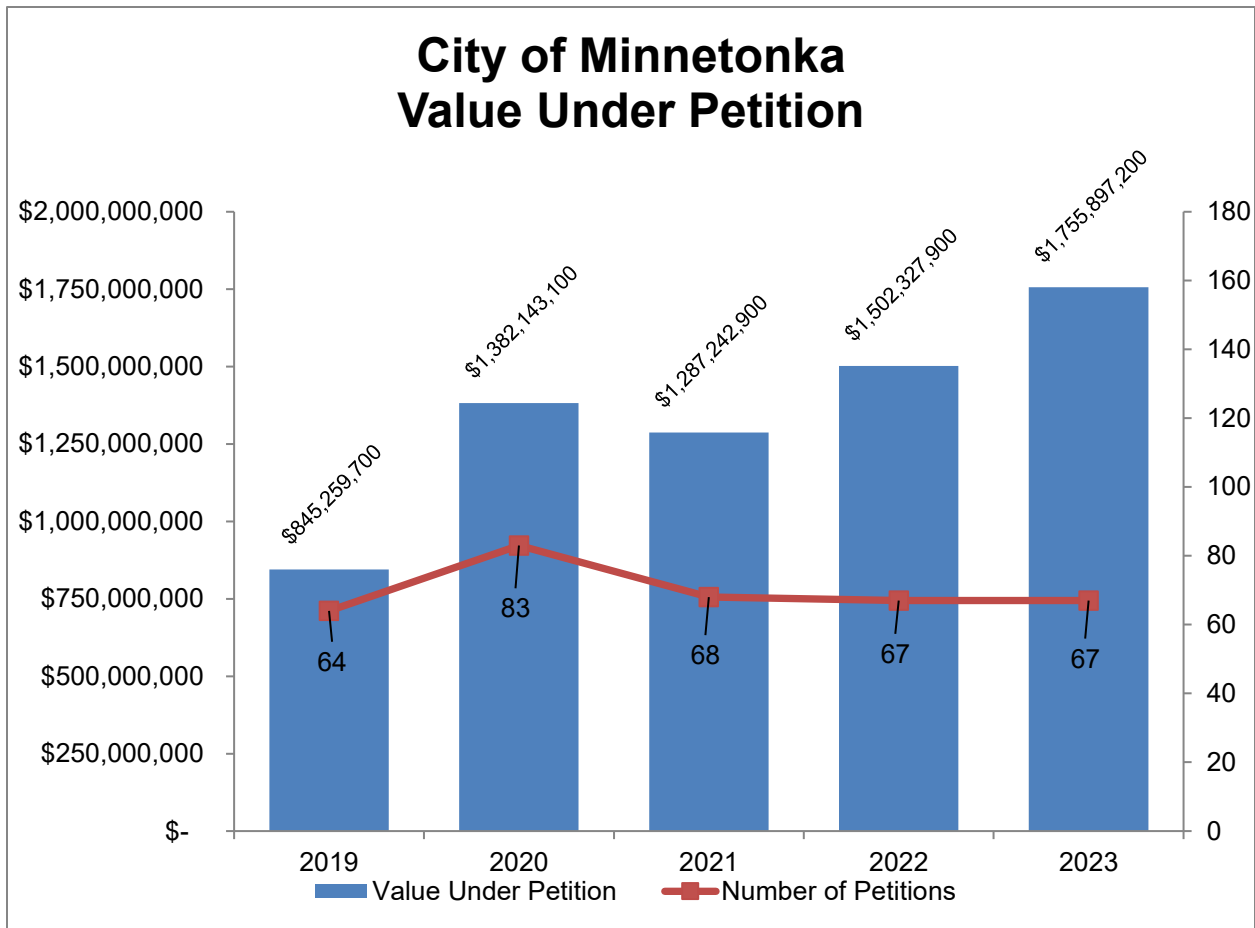
In the following chart is a recap of market value inquiries and appeals over the past five years. As illustrated, the number of formal appeals to the Local Board of Appeal and Equalization (LBAE) is typically less than one percent of the total parcels in the city. Between the mailing of notices and the LBAE reconvene meeting on April 22, 2024 staff fielded 216 calls and reviewed 169 properties. Procedurally, staff cannot make value changes within the ten days prior to the first LBAE meeting. Ultimately, 35 changes were made by the LBAE, 32 recommended by staff and 3 recommended by our advisors.

<b>Local Board Appeal History</b>					
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Total Parcels</b>	20,910	20,919	20,925	20,932	20,944
<b>Staff Inquiries</b>	311	239	754	359	216
<b>Staff Reviews</b>	242	159	677	310	169
<b>Appeals to LBAE</b>	77	22	135	42	35
<b>Appeals to CBAE</b>	9	1	1	0	0

**Tax Court**

In the past five years, about \$6.8 billion in Minnetonka property value has been appealed by filing petitions with the Minnesota Tax Court. These petitions require a substantial amount of time and resources to resolve. Although the timeframe has been shortened with scheduling orders, many of these cases may remain on the tax court calendar for multiple years. During the interim, the property owners must continue to pay taxes. If a reduction in value is stipulated more than one year after the initial petition is filed, they receive a refund plus interest (at a rate determined by Hennepin County). The deadline to file an appeal with the Minnesota Tax Court is April 30<sup>th</sup> of the year the taxes are due; thus the most recent category in the chart on the following page is the 2023 appealed values for taxes payable in 2024.

## City of Minnetonka Value Under Petition



### Public Information and Citizen Relations

The city provides public information in several ways to keep Minnetonka residents informed about the market value process, methods for appeal and current property tax rates. Staff regularly updates the city’s web page with current information, annually posts the assessment report on the City of Minnetonka website and provides information in the Minnetonka Memo and social media outlets. Information regarding the Property Tax Refund, the Senior Citizens’ Property Tax Deferral and foreclosure prevention counseling is on the City’s website. During the spring, appeals are organized with a record-keeping inquiry system and reassessment is conducted with advisory letters to owners with a questionnaire option.

## Assessing Staff

The assessing staff consists of the City Assessor, one Commercial Appraiser, three Residential Appraisers and one Assessment Specialist.

**Melanie Putz - City Assessor:** Melanie has been with the City of Minnetonka for eight years and has nine years of experience in the assessment field. Melanie currently holds the Senior Accredited Minnesota Assessor (SAMA) designation.

**Erin Kastner - Commercial Appraiser:** Erin has been with the City of Minnetonka for seven years and has ten years of experience in the assessment field. Erin currently holds the SAMA designation.

**Amy Weber - Principal Appraiser:** Amy has been with the City of Minnetonka for the past 27 years. Amy currently holds the Accredited Minnesota Assessor (AMA) designation.

**Amy McNamara - Principal Appraiser:** Amy has been with the City of Minnetonka for two years and has four years of experience in the assessment field. Amy currently holds the AMA designation.

**Michelle Leigh – Residential Appraiser:** Michelle has been with the City of Minnetonka since November 2024. She has over 25 years in fee appraisal experience along with one year of experience in the assessment field. Michelle currently holds the Certified Minnesota Assessor (CMA) designation and is pursuing the AMA designation.

**Laurie Goodman - Assessment Specialist:** Laurie has been with the City of Minnetonka for two and a half years and has worked in the assessing field for the last 12 years.

## 2025 ASSESSMENT CALENDAR

DATE	ACTION
March	Informational articles mailed as part of the March <i>Minnetonka Memo</i>
March 1	2025 property tax information updated on the Hennepin County website with mailing of 2025 property tax bills to follow
March 3	City Assessor's target date for mailing the 2025 value notices for taxes payable 2026
March 3	City council appoints advisors to the Local Board of Appeal and Equalization
March 17	City Council receives the 2025 Assessment Report
March 28	Property owners are requested to file a formal appeal to appear at the Local Board of Appeal and Equalization
April 7 & April 21	Local Board of Appeal and Equalization
April 30	Last day for property owners to file State Tax Court petitions for the 2024 assessment (payable 2025)
June 16	Hennepin County Board of Appeal and Equalization

# Appendix: Statutory Requirements

## General

Minnesota law establishes specific requirements for the property tax system, including the assessment of property (M.S. Chapter 273). Properties that qualify for the homestead market value exclusion receive a reduction in taxable market value. For taxes payable in 2025, the exclusion is a maximum of \$38,000 at \$95,000 in market value, a 40% exclusion, and is reduced as property value increases. The exclusion phases out for properties valued at \$517,200 or greater.

The law now requires the following:

1. All real property is valued at market value, which is defined as the usual or most likely selling price during the study period. Special exclusions such as the homestead market value exclusion and the veteran's exclusion are subtracted from the market value to arrive at the taxable value.
2. Property is classified according to state law, and the tax capacity is calculated based on the following tax capacity rates.

## Tax Capacity Rates for Property Taxes Payable in 2025

Residential Homestead:		
First \$500,000 of value		1.00%
Amount over \$500,000		1.25%
Rental Housing:		
First \$500,000 of value		1.00%
Amount over \$500,000		1.25%
4 or more units		1.25%
Commercial/Industrial Preferred:		
First \$150,000 of value		1.50%
Amount over \$150,000		2.00%
Seasonal Residential:		
First \$500,000 of value		1.00%
Amount over \$500,000		1.25%

3. The tax capacity is multiplied by the tax rate (the total of county, school, city, and miscellaneous levies) to determine the amount of property tax.
4. Finally, any credits, such as those for agricultural preserve, are then subtracted to yield net taxes due

## Veterans Exclusion

In 2008, the State legislature amended the homestead law that provides a market value exclusion for all or a portion of property owned and occupied as a homestead by a military veteran who has a service-connected disability of 70 percent or more (M.S. 273.13 subd. 34). To qualify, a veteran must have been honorably discharged from the United States armed forces and must be certified by the United States Veterans Administration as having a service-connected disability. A veteran who has a disability rating of 70 percent or more qualifies for a \$150,000 market value exclusion.

A veteran who has a disability rating of 100% total and permanent qualifies for a \$300,000 market value exclusion. To receive this value exclusion, a property owner must apply to the assessor by December 15 of the assessment year. The exclusion is a one-time application, and the property continues to qualify until there is a change in ownership. If a disabled veteran qualifying for a \$300,000 value exclusion predeceases the veteran's spouse, and if upon death of the veteran, the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion carries over to benefit the veteran's spouse until he or she remarries, sells, transfers, or otherwise disposes of the property.

## Property Tax Refund

A homeowner in Minnesota may qualify for a property tax refund if they own and occupy a home, have their home classified as homestead with their city/county, and they pay or arrange to pay their property taxes. There are two types of refund in which a homeowner can qualify for one or both:

1. Regular
  - You owned and lived in your home on January 2, 2025
  - Your household income for 2024 was less than \$139,320
2. Special
  - You owned and lived in the same home on January 2, 2024 and on January 2, 2025
  - Your home's net property tax increased by more than 12% from 2024 to 2025
  - The net property tax increase was at least \$100
  - The increase was not because of improvements you made to the property

Owners can claim their refund online, through a software provider or by paper via Form M1PR, Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund.