

50-State Property Tax Comparison Study

Payable Year 2005

A Report Produced
Cooperatively by MTA
and Other Member
States of the
National Taxpayers
Conference



April 2006

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Minnesota Taxpayers Association and other participating associations of The National Taxpayers Conference

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Acknowledgements

This report would not have been possible without the cooperation and assistance of many individuals. Special thanks are due to our sister taxpayer associations who, along with MTA, are members of the National Taxpayers Conference, both for their financial and data editing help. Aaron Twait, MTA Research Associate, did most of the research, calculations, and text updating. Lynn Reed, MTA Executive Director, did the final editing for publication.

We would also like to acknowledge the financial and data assistance provided by the Center for Applied Economics at the University of Kansas School of Business, under the direction of Professor Arthur P. Hall. For further information about the Kansas data or the Center you may contact Dr. Hall at (785) 864-5134.

About the Minnesota Taxpayers Association

The Minnesota Taxpayers Association did most of the research and analysis for this study in cooperation with other members of the NTC (see below). MTA was founded in 1926 for the purpose of disseminating factual information to educate and inform all Minnesotans about Minnesota tax and spending policies. For eighty years, the Association has advocated for the adoption of sound fiscal policies through its research efforts, publications, and meetings.

The Association is a non-profit, non-partisan group supported by membership dues. For information about membership, call (651) 224-7477, or visit our web site at www.mntax.org.

About the National Taxpayer Conference

The **National Taxpayers Conference** (NTC) is a private, nonprofit corporation whose members are the full-time chief executive officers of statewide associations devoted to the pursuit of objective and unbiased analysis of public finance issues. Each member association shares a common mission—to provide accurate, unbiased research on state and local taxation and spending policies in their respective states. Some NTC members focus on research; others combine research with active taxpayer advocacy through lobbying at the state and local level. All are available to answer your questions. The following NTC states contributed financially toward this study. If you have a question regarding a particular state's tax calculation, please feel free to contact these directors:

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I. Executive Summary

Introduction

This is the sixth national property tax comparison study MTA has undertaken. We have dropped the \$70,000 homestead example from the urban tables for this edition, and have added a table for the fifty largest cities in the U.S. Table 11 on page viii shows a summary of rankings and effective tax rates compared to the U.S. average for all six years that the study has been conducted.

This study assumes that the “true market value” of each of several parcels of property is the same in all 123 locations studied. Because the "assessed value" of property varies from state to state, our tax calculations account for the effects of local assessment practices, as well as statutory tax provisions. Each hypothetical property includes assumptions about personal property and real property. Effective property tax rates (ETRs) – that is, total tax divided by total value – are presented in rank order.

Data for property tax calculations was collected either through various state and local websites, or using a contact-verification approach in which state and local tax experts were asked to provide information.

This study is most useful when used in connection with other information about state and local tax structures. Some states have relatively high property tax levies because their local governments are more “own-source” revenue dependent. Other states have higher income and sales taxes in part to finance a greater share of the cost of local government. Likewise, the property tax on a selected class of property may be relatively high or low due to policies designed to redistribute the property tax burdens across the classes of property through exemptions, differential assessment rates, or other classification schemes.

Findings

Homesteads

Urban

Minneapolis’ relative homestead rankings were virtually unchanged in 2005 compared to 2004. (See Table 34 on page 21 and Table 40 on page 30 for complete homestead results.)

Table 1: Minneapolis Homestead Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Real Property Value	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	Urban		Total Tax	ETR	Urban	
			% U.S.	Rank			% U.S.	Rank
\$150,000	\$1,867	1.245%	87.7	28	\$1,790	1.193%	87.4	29
\$300,000	\$4,106	1.369%	92.4	29	\$3,952	1.317%	92.2	28
Median*	\$2,882	1.322%	103.7	27	\$3,054	1.285%	105.3	25

* Median price for the Minneapolis-Saint Paul metropolitan area in 2004 was \$218,000 and was \$237,700 for 2005. Rank is for ETR only.

By all measures, property taxes on homes in Minneapolis are modest compared to other large cities in the U.S, typically at or below the U.S. average of other large cities.

Rural

Minnesota’s rural homestead rankings showed only slight changes in 2005 compared to 2004. Complete results can be found on Table 46 on page 39. No median home values were available for our rural examples.

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Table 2: Glencoe Homestead Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Value of Real Property	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	% U.S.	Rank	Total Tax	ETR	% U.S.	Rank
\$70,000	\$654	0.934%	76.9	32	\$666	0.951%	76.4	35
\$150,000	\$1,638	1.092%	83.8	28	\$1,714	1.143%	85.5	29
\$300,000	\$3,649	1.216%	89.9	28	\$3,800	1.267%	91.5	27

Both urban and rural homestead examples show that significant property tax reform in 2001 discussed under commercial property below has been achieved without significant property tax increases on homes when values are held constant.

Commercial Property

Urban

Minneapolis' urban commercial property tax rankings remained stable between 2004 and 2005, as Table 3 indicates. Table 36 and Table 42 have full results on pages 23 and 32.

This represents significant competitive improvement since 1995, when Minnesota's rank was number one for the higher valued parcels. Property tax reform begun in the late 1990s with additional significant class rate compression and school levy takeover implemented in 2001 are responsible for the improvements in rank through 2002 (see Table 9 on page iv for a summary of class rate changes). A combination of property tax restraint and the falling rate of the statewide property tax on business property most likely contributed to the continued improvement through 2004. The slight upturn for 2005 shown in this report is most likely due to the effects of limited market value, discussed further below.

Table 3: Minneapolis Commercial Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Real Property Value	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	Urban		Total Tax	ETR	Urban	
			% U.S.	Rank			% U.S.	Rank
\$100,000	\$2,534	2.112%	104.9	23	\$2,578	2.149%	106.2	21
\$1,000,000	\$32,229	2.686%	131.2	14	\$32,736	2.728%	132.7	14
\$25,000,000	\$834,899	2.783%	135.2	11	\$847,834	2.826%	136.9	13

Minneapolis' ratio of commercial ETRs to homestead ETRs turned slightly upward after falling from 1998 through 2004. For payable 2004, the ratio was 2.438 when the statewide tax on business property was included and 1.799 with only the local portion of the property tax considered. For payable 2005, that rose to 2.548 including the statewide tax and 1.875 for the local portion. The ranking of that ratio for Minneapolis compared to the largest city in each state remained at 8th highest in 2005 with the statewide tax included, and 18th highest for only the local portion (see Table 17 on page 6).

The rise in the ratio for 2005 is likely due to the effects of limited market value on residential property. By limiting the amount of valuation increases that are subject to property tax on residential property, taxes are shifted either to properties with lower valuation increases within the residential classes or to non-residential classes of property not eligible for limited value. Tax rates must be higher due to increased value that is limited from being included in the taxable base.

Rural

There is an upward ranking trend for the \$100,000 Glencoe commercial properties, as it rose three spots to 14th. Rural commercial property taxes remained stubbornly high at the other values. The ranking for the \$25 million property dropped one spot from 5th to 6th, and the \$1 million parcel remained at the 7th highest rank. Total taxes payable rose between 5.5% to 5.8%, and all parcels under consideration moved further above the U.S. average.

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Table 4: Glencoe Commercial Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Value of Real Property	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	% U.S.	Rank	Total Tax	ETR	% U.S.	Rank
\$100,000	\$2,276	1.897%	117.0	17	\$2,403	2.003%	120.9	14
\$1,000,000	\$28,801	2.400%	146.0	7	\$30,470	2.539%	152.0	7
\$25,000,000	\$745,585	2.485%	150.8	5	\$789,014	2.630%	157.2	6

Industrial Property

Urban

Minneapolis' industrial property tax rankings, total taxes paid and burden relative to the national average all dropped considerably since 2004. This is due primarily to the impact of the sales ratios for these two years. Few industrial sales results in less stable ratios from year to year, and the particular mix of a small number of sales for 2004 resulted in a high sales ratio for that year. Table 5 summarizes our Minnesota findings, while our national findings are presented after the body of the report in Table 37, Table 38 (urban cities), Table 43 and Table 44 (largest fifty cities).

Table 5: Minneapolis Industrial Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Real Property Value	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	Urban		Total Tax	ETR	Urban	
			% U.S.	Rank			% U.S.	Rank
50% Pers. Prop								
\$100,000	\$3,112	1.556%	97.9	25	\$2,578	2.149%	83.8	33
\$1,000,000	\$39,581	1.979%	121.0	18	\$32,736	2.728%	103.2	23
\$25,000,000	\$1,025,351	2.051%	124.7	13	\$847,834	2.826%	106.6	21
60% Pers. Prop								
\$100,000	\$3,112	1.556%	83.6	35	\$2,578	2.149%	72.1	38
\$1,000,000	\$39,581	1.979%	103.7	26	\$32,736	2.728%	89.3	30
\$25,000,000	\$1,025,351	2.051%	107.0	24	\$847,834	2.826%	92.1	28

Minnesota's full exemption of personal property (machinery, equipment, inventories, and fixtures) for most industrial firms (except utilities) results in lower Minnesota industrial property tax rankings than the commercial rankings, even though the total taxes payable for industrial parcels are similar to commercial parcels of the same real estate value (with the only differences due to different sales ratios).

Rural

Minnesota's rural industrial property taxes ranked roughly ten spots higher than taxes for comparable industrial properties in Minneapolis, and are the only examples in our 2005 study to show a consistent increase in rank across all values. This is also mainly a function of changes in the sales ratio. See comments under urban industrial above.

Table 6: Glencoe Industrial Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Value of Real Property	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	% U.S.	Rank	Total Tax	ETR	% U.S.	Rank
50% Pers. Prop								
\$100,000	\$2,276	1.897%	88.9	25	\$2,403	2.003%	94.5	21
\$1,000,000	\$28,801	2.400%	110.4	17	\$30,470	2.539%	117.6	14
\$25,000,000	\$745,585	2.485%	114.0	16	\$789,014	2.630%	121.5	11
60% Pers. Prop								
\$100,000	\$2,276	1.897%	76.2	32	\$2,403	2.003%	81.6	28
\$1,000,000	\$28,801	2.400%	94.8	22	\$30,470	2.539%	101.8	20
\$25,000,000	\$745,585	2.485%	98.0	20	\$789,014	2.630%	105.2	18

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Apartments

Urban

Results for 2005 continue to show the decreases that have been documented since the pre-2001 property tax reform ranking of 7th in our 2000 study, consistent with attempts to reduce property taxes on apartments. (In the course of preparing the 2005 study, we discovered that our 2004 results for Minnesota were in error. The two tables below reflect corrected results for apartments for 2004.)

Table 7: Minneapolis Apartment Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Real Property Value	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	Urban		Total Tax	ETR	Urban	
			% U.S.	Rank			% U.S.	Rank
\$600,000	\$10,453	1.659%	92.3	26	\$9,950	1.579%	86.7	28

Rural

Minnesota's ranking for rural apartment taxes stabilized, after dropping from 1st in 2000 (where it had been since 1995) to 13th in 2002 to 29th in 2004. For 2005 the ranking remained unchanged at 29.

Table 8: Glencoe Apartment Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Value of Real Property	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	% U.S.	Rank	Total Tax	ETR	% U.S.	Rank
\$600,000	\$8,150	1.293%	83.4	29	\$8,273	1.313%	84.8	29

Conclusion

This study updates our payable 2004 *50-State Property Tax Comparison Study* in order to continue to measure the long-term effects of the major property tax reform of the 2001 legislative session, and to satisfy the data needs of a growing number of public policy researchers. Our findings show that this major reform has continued to reduce the tax disparities among classes of property in Minnesota at the local level, when assessment differences are not taken into account. Even the statewide tax on business property has had the result of slightly reducing class disparities versus 2001.

During Minnesota's 1997, 1998, 1999, and 2001 legislative sessions, classification rates were reduced for nearly all classes except the first \$75,000 of homestead value (the tier amount was raised to \$76,000 during the 1999 session for taxes payable in 2000 and again during the 2001 session to \$500,000 for taxes payable in 2002). Future phased-in rate reductions for apartments were part of the 2001 reform. Table 9 below shows class rates for the period 1995-2005 for the classes of property used in this study.

Table 9: Minnesota's Property Classifications and Class Rates, 1995-2005

Payable Year →	1995-97		1998	1999	2000 & 2001	2002	2003	2004 & 2005
	Class 1 (a): Residential Homesteads							
Tier 1 (<\$72,000 Market 1995-97, <\$75K for 1998-99, <\$76K for 2000-01, <\$500K for 2002-05)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Tier 2 (\$72,000+ Market 1995-97, \$75K for 1998-99, \$76K for 2000-01, \$500K for 2002-05)	2.00%	1.85%	1.70%	1.65%	1.25%	1.25%	1.25%	1.25%
Class 3 (a): Commercial/Industrial								
First \$100,000 market (\$150,000 for 1998-2005)	3.00%	2.70%	2.45%	2.40%	1.50%	1.50%	1.50%	1.50%
Over \$100,000 market (> \$150,000 for 1998-2005)	4.60%	4.00%	3.50%	3.40%	2.00%	2.00%	2.00%	2.00%
Class 4 (a): Apartments (>=4 units)								
	3.40%	2.90%	2.50%	2.40%	1.80%	1.50%	1.25%	1.25%

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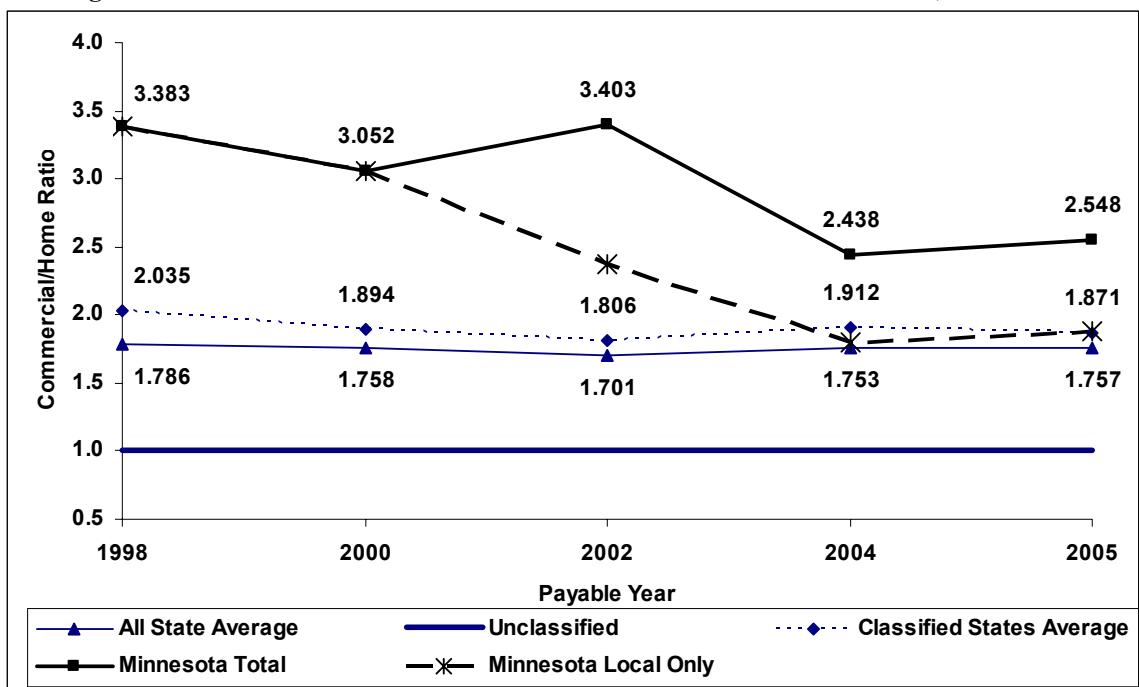
These classification rate changes, accompanied by the replacement of the state general education levy with state aid as part of the 2001 reform, has resulted in an improved relative property tax ranking for Minnesota business and apartment property without detrimental effects on homeowners' taxes. The primary exception is rural business property taxes, which remain stubbornly high.

For a look at how Minnesota compares with its neighboring states in payable 2005, see Table 10 on page vii.

Regarding the transition years of 2002 and 2003, the first year of the reform's effects, shown in our study for taxes payable in 2002, was probably not the best test of the reforms. This is because the lynchpin of the 2001 reforms was to remove the general education levy from local property taxes and replace it with general fund revenue. Property taxes statewide fell by about 9% for 2002, compared to 2001, because of the reforms enacted, even after many local governments raised their levies significantly to take advantage of the "room" created by the repeal of the general education levy. Aggregate property tax levies for 2003 returned to just below the level for 2001. It is only for taxes payable in 2004 and beyond that the reform can be appropriately evaluated, since no major property tax changes have been made since 2001.

Progress has been made toward compressing Minnesota's class rates and we commend the legislators and governors involved for moving our property tax system toward accountability. The ratio between the \$1 million commercial ETR to the median residential ETR was 3.383 for taxes payable in 1998, which was the 4th highest such ratio in the country. Through political leadership of elected officials, that ratio has been reduced to 2.548 for taxes payable in 2005, with a rank of 8th highest. When only local property taxes are included in the ratio, it drops to 1.875 and 18th highest in the country.

Figure 1: Various Ratios of Urban Commercial-to-Median Homestead ETRs, 1998 – 2005



Note: The ratios shown are calculated as the effective tax rate (ETR) of a \$1 million commercial property to the ETR of the median value home, averaged for each of the largest cities in each state that was included in the studies for all five years.

In spite of this progress, however, rural commercial property taxes remain stubbornly high compared to the rest of the country, and it is rural Minnesota that is most in need of a tax environment conducive to business development and expansion. Also, there is continued pressure

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to increase the statewide property tax primarily on business property to provide more revenues for state government. Furthermore, the ratio of commercial to residential ETRs in Minnesota is still 11% higher than the average for all places in this study if sales ratio data is included, and 16% higher without sales ratio data. This measure crept up for 2005, however, probably due primarily to limited market value for residential property.

Further reductions in the disparity between business and residential property would have a twofold benefit for Minnesota. First, it would continue to align the cost of local public services more closely with the majority of voters, that is, homeowners. This means that more of the tax burden would be in plain view of homeowners instead of being hidden from them in the form of increased business taxes, which are ultimately passed on to homeowners primarily through higher prices and lower wages. Second, business property taxes would be lowered, resulting in a more competitive business environment in the state. Because of these benefits from reduced disparities among classes of property, vigilance is required to preserve the gains in accountability that have been made over the last several years at significant cost to the state's general fund, and to continue to work toward further reduction.

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**Table 10: Payable 2005 Property Tax Ranking: Minnesota and Its Five Neighboring States
By Property Class and Value for Largest Urban and Typical Rural Areas**

Homesteads						
VALUE:	\$70,000		\$150,000		\$300,000	Median Value
	<i>Rural Only</i>	<i>Urban</i>	<i>Rural</i>	<i>Urban Only</i>	<i>Urban Only</i>	
U.S. Average Tax	\$ 872	\$ 2,048	\$ 2,004	\$ 4,286	\$ 2,901	
MN (Minneapolis, Glencoe) Tax	666	1,790	1,714	3,952	3,054	
States	Rank	Rank	Rank	Rank	Rank (Value)	
Minnesota	35	29	29	28	15 (\$237,700)	
Illinois (Chicago, Carlinville)	9	23	4	19	11 (265,400)	
IL (Aurora—Chicago value)	--	5	--	4	3 (265,400)	
Iowa (Des Moines, Hampton)	12	14	10	14	27 (145,100)	
N. Dakota (Fargo, Bottineau)	4	9	8	10	24 (132,600)	
S. Dakota (Sioux Falls, Sisseton)	14	25	16	30	39 (137,700)	
Wisc. (Milwaukee, Mayville)	3	3	5	3	7 (216,800)	
Commercial						
VALUE:	\$100,000		\$1 Million		\$25 Million	
	<i>Urban</i>	<i>Rural</i>	<i>Urban</i>	<i>Rural</i>	<i>Urban</i>	<i>Rural</i>
U.S. Average Tax	\$ 2,428	\$ 1,987	\$24,669	\$20,046	\$619,400	\$501,977
Minnesota Tax	2,578	2,403	32,736	30,470	847,834	789,014
States	Rank	Rank	Rank	Rank	Rank	Rank
Minnesota	21	14	14	7	13	6
Illinois (Chicago, Carlinville)	6	12	6	13	7	13
Illinois (Aurora)	22	--	22	--	22	--
Iowa	5	6	5	6	5	7
North Dakota	25	18	26	18	27	18
South Dakota	36	21	37	21	37	21
Wisconsin	17	8	18	9	18	9
Industrial (50% Real Property/50% Personal Property)						
VALUE:	\$100,000		\$1 Million		\$25 Million	
	<i>Urban</i>	<i>Rural</i>	<i>Urban</i>	<i>Rural</i>	<i>Urban</i>	<i>Rural</i>
U.S. Average Tax	\$ 3,078	\$ 2,542	\$31,719	\$25,916	\$795,687	\$649,420
Minnesota Tax	2,578	2,403	32,736	30,470	847,834	789,014
States	Rank	Rank	Rank	Rank	Rank	Rank
Minnesota	33	21	23	14	21	11
Illinois (Chicago, Carlinville)	14	19	16	22	16	22
Illinois (Aurora)	35	--	36	--	36	--
Iowa	12	10	13	11	14	12
North Dakota	39	26	40	26	40	26
South Dakota	46	28	46	28	46	28
Wisconsin	29	20	31	23	31	23
Industrial (40% Real Property/60% Personal Property)						
VALUE:	\$100,000		\$1 Million		\$25 Million	
	<i>Urban</i>	<i>Rural</i>	<i>Urban</i>	<i>Rural</i>	<i>Urban</i>	<i>Rural</i>
U.S. Average Tax	\$3,574	\$2,944	\$36,677	\$29,941	\$920,370	\$750,052
Minnesota Tax	2,578	2,403	32,736	30,470	847,834	789,014
States	Rank	Rank	Rank	Rank	Rank	Rank
Minnesota	38	28	30	20	28	18
Illinois (Chicago, Carlinville)	20	26	21	27	21	27
Illinois (Aurora)	39	--	39	--	39	--
Iowa	18	18	19	19	19	20
North Dakota	41	31	41	31	41	31
South Dakota	48	33	48	33	48	33
Wisconsin	35	22	36	23	36	23
Apartments						
VALUE:	\$600,000					
	<i>Urban</i>	<i>Rural</i>				
U.S. Average Tax	\$11,470	\$9,752				
Minnesota Tax	\$8,273	\$9,950				
States	Rank	Rank				
Minnesota	29	28				
Illinois (Chicago, Carlinville)	11	7				
Illinois (Aurora)	12	--				
Iowa	4	3				
North Dakota	17	13				
South Dakota	26	16				
Wisconsin	10	8				

I. Executive Summary

Table 11: Summary of the Six Comparison Studies* by Property Type and Year

Property Type and Value of Real Portion	Taxes Payable 1995				Taxes Payable 1998				Taxes Payable 2000				Taxes Payable 2002				Taxes Payable 2004				Taxes Payable 2005								
	MN Rank		% of U.S. Avg.		MN Rank		% of U.S. Avg.		MN Rank		% of U.S. Avg.		MN Rank		% of U.S. Avg.		MN Rank		% of U.S. Avg.		MN Rank		% of U.S. Avg.						
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Top 50	Urban	Rural	Top 50			
Homestead																													
\$70,000	27	26	88.1	87.0	26	29	88.2	84.0	32	29	75.8	81.9	42	34	55.1	69.2	37	32	80.9	76.9	**	**	**	**	**	**	76.4		
\$150,000	14	18	124.2	122.3	18	20	112.7	111.4	23	20	92.9	106.7	41	29	62.9	80.6	28	28	87.7	83.8	29	25	29	25	29	87.4	82.8	85.5	
\$300,000	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	92.4	89.9	28	22	27	27	27	92.2	87.7	91.5
Commercial																													
\$100,000	9	2	156.3	165.1	9	3	144.0	180.4	14	7	123.0	151.6	22	7	105.6	134.4	23	17	104.9	117.0	21	22	14	21	22	106.2	108.0	120.9	
\$1,000,000	1	2	226.7	238.5	3	2	197.2	248.6	5	3	161.2	197.2	9	3	131.9	168.2	14	7	131.2	146.0	14	16	7	14	16	133.7	133.6	152.0	
\$25,000,000	--	--	--	--	3	2	206.6	259.1	4	3	168.3	207.2	8	3	135.7	173.6	11	5	135.2	150.8	13	13	6	13	13	136.9	137.4	157.2	
Industrial (50-50)																													
\$100,000	18	15	120.2	125.8	19	12	112.7	138.4	24	15	96.7	107.8	31	16	81.5	104.8	25	25	97.9	88.9	33	31	21	33	31	83.8	79.0	94.5	
\$1,000,000	1	3	175.8	181.5	7	2	153.5	189.9	11	8	126.5	140.8	24	9	100.2	130.1	18	17	121.0	110.4	23	23	14	23	23	103.2	94.9	117.6	
\$25,000,000	--	--	--	--	5	2	161.0	198.4	10	8	132.1	147.3	22	7	103.1	134.4	13	16	124.7	114.0	21	22	11	21	22	106.6	97.7	121.5	
Industrial (40-60)																													
\$100,000	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	83.6	76.2	38	35	28	38	35	72.1	65.5	81.6
\$1,000,000	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	103.7	94.8	30	29	20	30	29	89.3	79.5	101.8
\$25,000,000	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	107.0	98.0	28	28	18	28	28	92.1	81.9	105.2
Apartment																													
\$600,000	2	1	229.7	319.3	3	1	191.6	236.4	7	1	150.0	196.4	23	13	92.6	134.5	26	29	92.3	83.4	28	23	29	28	23	86.7	92.6	84.8	

*The first three studies were authored by the Minnesota Taxpayers Association (MTA), and the 2002 and 2004 studies were conducted under the auspices of the Minnesota Center for Public Finance Research, which is the research and educational arm of the MTA. This study is again being conducted by MTA.

II. Introduction

This study reports on relative property tax burdens across the United States. Effective property tax rates are compared for four classes of property located in the largest city of each state and the District of Columbia, plus a typical rural area. As tax rates have fluctuated since our first study in 1995, many of our rural cities have been changed, in order to keep our examples typical. Where a comprehensive statewide list of property tax rates is available, we have chosen the rural area ourselves. In cases where such a list is not available, we let states pick the rural area to be included, asking only that the taxes for that area be near the average for a rural area in the state.

This study is most useful when used in connection with other information about state and local tax structures. Some states have relatively high property tax levies because their local governments are more dependent on “own-source” revenue (revenue they raise themselves). Other states have higher income and sales taxes in part to finance a greater share of the cost of local government. Also, the property tax on a selected class of property may be relatively high or low due to state or local policies designed to redistribute property tax burdens across the classes of property through exemptions, differential assessment rates, or other classification schemes.

As in the five previous studies (1995, 1998, 2000, 2002 and 2004), the values used for our examples remain fixed, to facilitate comparisons with those studies. We recognize that in many urban areas, our lowest-valued properties are not typical values. We deliberately used fixed values in this study because our goal was to compare the tax burden resulting from each state's tax structure, unaffected by local real estate markets. However, to provide a more complete picture, rankings for median-value homes were added to this study in Table 35 on page 22 and in Table 41 on page 31.

Data for property tax calculations were collected in one of two ways. Where possible, property tax data was collected directly from information available through various state and local websites. Where such reports were not available, property taxes were calculated using a contact-verification approach in which state and local tax experts were asked to provide information. Those calculations were, in turn, subject to local verification when necessary.

The primary difference between this study and the preceding five is the addition of new tables comparing the largest fifty cities in the United States. Rankings for these cities have been requested before, and their inclusion means a significantly larger portion of the U.S. population is covered by this study, increasing its usefulness. Beginning with our 2004 study, additional assumptions were included regarding the amount of personal property that industrial parcels contain. Previous studies have assumed that industrial parcels contain 50% personal property and 50% real property. Based on research of actual property taxes paid in various states, we have included a second scenario in this study of an industrial parcel that is comprised of 40% real property value and 60% personal property value. We believe that these two scenarios provide a reasonable range within which most industrial properties fall.

Some of the cities surveyed changed from the 2004 study to the present 2005 study. In the case of the urban cities, these changes occurred primarily because the largest city was not deemed representative of urban areas in the state. In those cases, the state's second-largest city was added to the study. In the case of the rural cities, changes were made either because the city surveyed in 2004 was no longer typical of the rural cities in their respective states, either in size or tax rate,

II. Introduction

Changes made in city selection for this 2005 study include:

- Second urban areas added in New York and Illinois, specifically Buffalo, NY and Aurora, IL (replacing Naperville, IL)
- Miami-Dade, FL no longer qualifies for consideration in our urban tables as the largest city in the state but has been included in the comparison of fifty largest U.S. cities
- Lexington-Fayette, KY and Richmond, VA no longer meet any of our criteria and have been removed from the study

Rural cities that changed include (with the year of their inclusion in parentheses):

- Fort Deposit, AL (2004), to Millbrook, AL (2005)
- Grinnell, IA (2004), to Hampton, IA (2005)
- Choteau, MT (2004), to Dillon, MT (2005)
- Chapin, SC (2004), to Mullins, SC (2005)
- Spink, SD (2004), to Sisseton, SD (2005)
- South Burlington, VT (2004), to Morristown, VT (2005)
- Antigo, WI (2004), to Mayville, WI (2005).

This study assumes that the “true market value” of each of several parcels of property is the same in all 123 locations studied. Because the “assessed value” of property varies from state to state, sometimes significantly, our tax calculations necessarily account for the effects of local assessment practices as well as statutory tax provisions. Appendix A of this report provides a review of the methodology used in determining the property tax liabilities of the four sample property types and the important assumptions necessary to standardize the calculations and make the numbers comparable across the states.

Section III reviews the property tax rankings for the 53 largest cities in each state. Also included in this section is analysis of the highest and lowest property tax states, Minnesota’s neighboring states, and several key features such as classification systems, disparities between homestead and non-homestead properties (particularly business property), and personal property assumptions.

Section IV contains some concluding comments, and Sections V, VI and VII contain the complete set of comparison tables referenced in this report.

III. Findings

Residential Homestead Property Tax Rankings

Urban

Table 34 on page 21 shows the payable 2005 property tax on two residential homesteads for the largest city in each state, and Table 40 on page 30 shows the same tax for the largest fifty U.S. cities. Compared to other urban cities (see Table 12), Minneapolis' homestead rankings remained virtually unchanged from 2004 to 2005, with the \$150,000 home moving down one spot to 29th and the \$300,000 moving up one to 28th. This represents a significant increase in ranking since 2002, when Minnesota came in 41st, but the 2002 rankings were historically low, resulting from the property tax reform of 2001 that reduced homeowners' property taxes by about 17% statewide. Property taxes on homes rebounded to about their 2001 level by 2003, and have grown modestly since then. Although Minneapolis' rankings have remained stable, both the effective tax rate (ETR) and the tax burden relative to the U.S. average declined from 2004 to 2005 when values were held constant.

Because home values vary significantly from one part of the country to another, we also calculated and ranked property taxes on median home values for the metropolitan areas encompassing the largest city in each state. This analysis, found on Table 35, page 22, indicates that compared with urban areas in every state, Minneapolis ranked 15th in total tax (up from 18th in 2004), at \$3,054; and 25th in ETR (up two spots from 27th) at 1.285%, with a median home value of \$237,700. Compared with the largest fifty U.S. cities, (Table 41, page 31) Minneapolis ranked 24th in total tax and 22nd in ETR.

Note that we have eliminated that \$70,000 example for urban areas as unrepresentative, since the average home price in the United States has now surpassed \$200,000.

Table 12: Minneapolis Homestead Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Real Property Value	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	Urban		Total Tax	ETR	Urban	
			% U.S.	Rank			% U.S.	Rank
\$150,000	\$1,867	1.245%	87.7	28	\$1,790	1.193%	87.4	29
\$300,000	\$4,106	1.369%	92.4	29	\$3,952	1.317%	92.2	28
Median*	\$2,882	1.322%	103.7	27	\$3,054	1.285%	105.3	25

* Median price for the Minneapolis-Saint Paul metropolitan area in 2002 was \$189,400, was \$218,000 in 2004 and was \$237,700 for 2005. Rank is for ETR only.

Though the class rate for all three homes in Minneapolis is 1% of value, the ETRs are higher for higher valued homes because the market value credit Minnesota provides is designed to phase out for values beginning at \$76,000 to about \$414,000.

Compared to the other 49 largest cities in the country, the tax burden on Minneapolis homesteads is still low, remarkably so considering that eight of the largest fifty cities are in California, with its strict Proposition 13 legislation that limits both home values and tax rates. Since the 2005 study is the first for which we have calculated rankings for the fifty largest cities in the nation, no trend analysis can be conducted.

When comparing a \$500,000 valued home in Minneapolis with \$500,000 homes in the 52 other largest cities in each state (see Table 13 below), Minneapolis' rank rose slightly to 29th, with a total tax of \$6,799, which was 6.6% below the average for cities in the study. The effective tax rate was 1.360%. Minneapolis' ranking climbed to 25th for the \$750,000 home and to 24th for the \$1 million home. All of these are decreases from the 2004 rankings, which were 30th, 24th and

III. Findings

23rd, respectively. The reason for the higher rankings for the two highest-valued homes is Minnesota's two-tiered classification system for homestead properties: all value up to \$500,000 is taxed at 1.0% of appraised value, while all value over \$500,000 is taxed at 1.25% of appraised value. An additional factor is the phase-out of Minnesota's market value credit.

Table 13: How Minneapolis Homestead Property Taxes Rise with Value, Payable 2005

Real Value	Total Tax	ETR	Urban Rank
\$150,000	\$1,790	1.193%	29
\$300,000	\$3,952	1.317%	28
\$500,000	\$6,799	1.360%	29
\$750,000	\$10,968	1.462%	25
\$1,000,000	\$15,137	1.514%	24

Rural

Table 46 on page 39 shows the payable 2005 property tax on three residential homesteads for a typical rural city in each state. Though not a typical value for a home in Glencoe, we still calculated a \$300,000 example. Table 14 below provides a snapshot of Minnesota's rural homestead property tax statistics. Compared to other rural municipalities, Minnesota's rankings showed only slight change for 2005. While the rankings reveal a slight downward trend, total tax paid and the ETR rose in each example, and the \$150,000 and \$300,000 homes both moved closer to the U.S. rural median tax paid. The rankings remained virtually unchanged since 2002.

Table 14: Glencoe Homestead Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Value of Real Property	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	% U.S.	Rank	Total Tax	ETR	% U.S.	Rank
\$70,000	\$654	0.934%	76.9	32	\$666	0.951%	75.6	35
\$150,000	\$1,638	1.092%	83.8	28	\$1,714	1.143%	85.7	29
\$300,000	\$3,649	1.216%	89.9	28	\$3,800	1.267%	91.7	27

No median home values were available for rural cities.

The Highest and Lowest Homestead Tax States – Urban and Top 50

Highest

The states whose largest cities had the highest property tax for all homestead values were as follows:

Table 15: Urban Cities with Homestead Tax Rankings among the Top Ten for Both Values

State	City	\$150,000		\$300,000	
		Tax	Rank	Tax	Rank
Michigan	Detroit	\$4,850	1	\$9,701	1
New York	Buffalo	\$3,936	2	\$8,067	2
Wisconsin	Milwaukee	\$3,669	3	\$7,431	3
Texas	Houston	\$3,512	4	\$7,217	5
Illinois	Aurora	\$3,469	5	\$7,294	4
Maryland	Baltimore City	\$3,440	6	\$6,881	6
Pennsylvania	Philadelphia	\$3,350	7	\$6,701	7
Nebraska	Omaha	\$3,094	8	\$6,187	9
North Dakota	Fargo	\$2,983	9	\$5,966	10
New Jersey	Newark	\$2,957	10	\$6,514	8

Lowest

The states whose largest cities had the lowest homestead taxes for all values of homes were:

Table 16: Urban Cities with Homestead Tax Rankings among the Bottom Ten for Both Values

State	City	\$150,000		\$300,000	
		Tax	Rank	Tax	Rank
Massachusetts	Boston	\$242	53	\$1,706	51
Hawaii	Honolulu	\$434	52	\$1,018	53
New York	New York City	\$691	51	\$1,782	50
Colorado	Denver	\$769	50	\$1,538	52
Wyoming	Cheyenne	\$981	49	\$1,963	49
Alabama	Birmingham	\$982	48	\$2,016	48
District of Columbia	Washington	\$1,003	47	\$2,371	47
Utah	Salt Lake City	\$1,197	46	\$2,394	46
West Virginia	Charleston	\$1,233	45	\$2,466	45
Virginia	Virginia Beach	\$1,265	44	\$2,531	44

Most of these states ranked near the bottom simply due to low property tax rates. Some cities ranked low because they also offer sizable homestead exemptions. Washington, D.C. offers a homestead exemption of \$38,000 of assessed value; Honolulu offers a homestead exemption of \$40,000 of assessed value; and Boston, MA, offers a \$113,972 exemption for the \$150,000 home (4.2% higher than the 2004 exemption). In the case of New York City, a \$400 property tax rebate was combined with a low sales ratio to keep it in the Bottom Ten.

A Summary of Classification Effects – Urban and Top 50

Table 17 provides one summary measure of the degree of property classification from state to state (the degree to which business property is taxed differently from homestead property). It shows the ratio of commercial effective tax rates to homestead effective tax rates using the \$1 million commercial property and the median-value home price for each metropolitan area. This is a change from previous studies, which used the ETRs for homes valued at \$70,000. Using such a low value amplified the effects of homestead exemptions. The median home price provides a more useful denominator for this ratio.

III. Findings

**Table 17: A Measure of Property Classification – Urban
Ratio of Commercial-to-Homestead Effective Tax Rates
(\$1 million Commercial/Median-Valued Home, real property only)**

State	City	Median Value	Ratio	Rank	State	City	Median Value	Ratio	Rank
New York	New York City	\$452,700	7.262	1	Vermont	Burlington	172,800	1.267	27
Massachusetts	Boston	418,500	4.251	2	Montana	Billings	154,500	1.264	28
Colorado	Denver	248,400	3.497	3	Ohio	Columbus	155,900	1.226	29
Arizona	Phoenix	243,400	3.127	4	Connecticut	Bridgeport	487,300	1.222	30
Hawaii	Honolulu	577,800	2.899	5	Texas	Houston	142,500	1.184	31
Illinois	Chicago	265,400	2.611	6	Florida	Jacksonville	166,600	1.176	32
Louisiana	New Orleans	152,600	2.601	7	Arkansas	Little Rock	118,900	1.167	33
Minnesota with state C/I	Minneapolis	237,700	2.548	8	Michigan	Detroit	169,200	1.164	34
Rhode Island	Providence	291,600	2.496	9	New Mexico	Albuquerque	171,700	1.164	35
Iowa	Des Moines	145,100	2.381	10	Alaska	Anchorage	195,700	1.111	36
Kansas	Wichita	106,300	2.227	11	North Dakota	Fargo	132,600	1.111	36
South Carolina	Columbia	133,700	2.143	12	Oklahoma	Oklahoma City	115,700	1.085	38
Alabama	Birmingham	156,100	2.103	13	Maryland	Baltimore City	264,700	1.032	39
District of Columbia	Washington	429,200	2.071	14	Maine	Portland	247,200	1.021	40
West Virginia	Charleston	121,700	2.000	15	Wisconsin	Milwaukee	216,800	1.017	41
Missouri	Kansas City	157,100	1.976	16	California	Los Angeles	474,800	1.015	42
Mississippi	Jackson	131,700	1.938	17	Wyoming	Cheyenne	132,300	1.014	43
Minnesota minus state C/I	Minneapolis	237,700	1.875	--	Nevada	Las Vegas	300,100	1.012	44
Utah	Salt Lake City	169,900	1.870	18	Nebraska	Omaha	137,300	1.009	45
New York	Buffalo	97,500	1.723	19	North Carolina	Charlotte	179,600	1.000	46
U.S. Average			1.757		New Hampshire	Manchester	136,500	1.000	47
Illinois	Aurora	265,400	1.703	19	Oregon	Portland	238,000	1.000	47
Indiana	Indianapolis	124,600	1.697	20	Washington	Seattle	310,300	1.000	47
Tennessee	Memphis	150,100	1.600	22	New Jersey	Newark	414,400	1.000	50
Pennsylvania	Philadelphia	211,000	1.559	23	Delaware	Wilmington	211,000	1.000	51
Idaho	Boise	161,800	1.453	24	Virginia	Virginia Beach	192,000	0.953	52
South Dakota	Sioux Falls	137,700	1.381	25	Kentucky	Louisville	136,800	0.911	53
Georgia	Atlanta	166,500	1.315	26					

A ratio of 1.0 indicates that no classification is apparent (at least as it relates to the relationship between these two property types, which are typically the target of most classification systems). A ratio greater than 1.0 indicates some degree of classification, broadly defined, with higher values reflecting a greater degree of classification.

The ratios were calculated for real property only, after adjusting for differences in assessment practices. Differences in the quality of assessments among various classes of property can produce a de facto classification system even in the absence of statutory classification schemes.

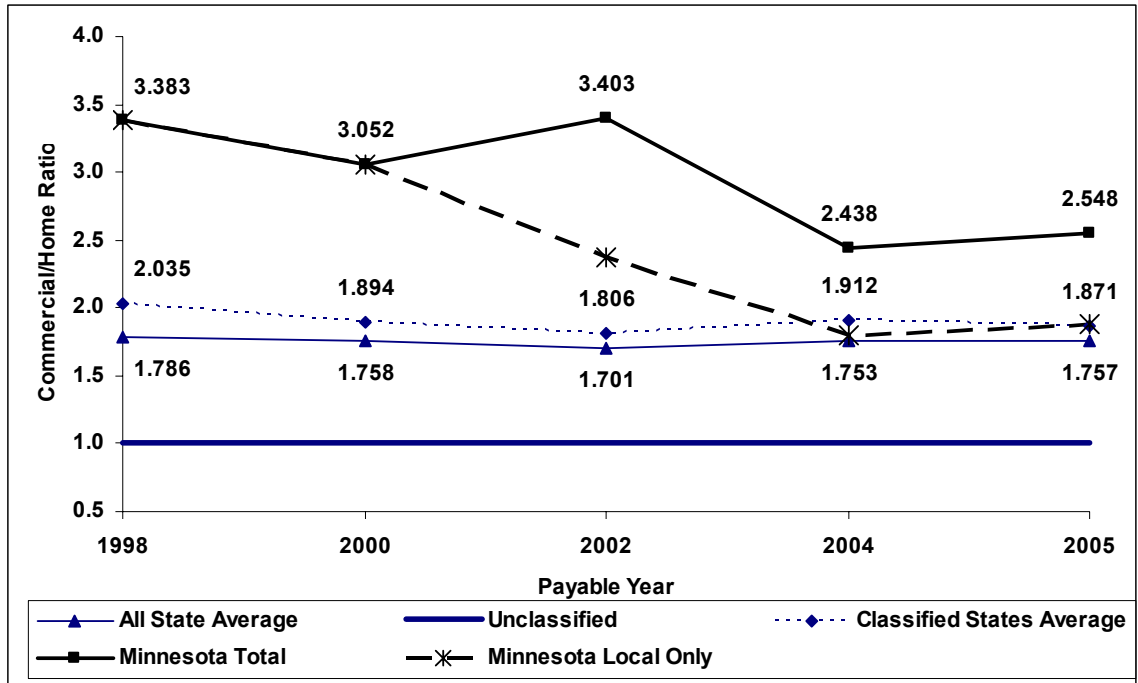
States that rank near the top of this list do so because of extreme differences in classification ratios between these two types of property. For instance, in New York City, residential property is assessed at 8% of value while commercial property is assessed at 45% of value. In other cases differences in tax rates and/or homestead exemptions or credits account for the differences, such as in Boston; where roughly 25% of the value of the median home is excluded from taxation, and the homestead tax rate is roughly one-third that of commercial and industrial properties.

There were two locations that had a ratio below 1.000, meaning that their classification systems favor commercial properties over homesteads. This is simply a function of applying the sales

ratio. Commercial properties in these locations are underassessed when compared to homestead properties.

Minnesota’s ranking in the classification ratio measure dropped from 8th (with a ratio of 2.379) in 2002 to 18th (with a ratio of 1.799) in 2004, and 2005 (with a ratio of 1.875) for 2005. This disregards the statewide levy on commercial and industrial property instituted during the 2001 property tax reform. Including that levy increases the ratio to 2.548, giving Minnesota the 8th highest ratio overall. However, the 1.875 ratio is a more accurate measure of the fairly substantial degree of classification in effect at the local level in Minnesota between business and residential property. Figure 2 below shows how this ratio has changed since 1998.

Figure 2: Various Ratios of Urban Commercial-to-Median Homestead ETRs, 1998 – 2005



Note: The ratios shown are calculated as the effective tax rate (ETR) of a \$1 million commercial property to the ETR of the median value home, averaged for each of the largest cities in each state that was included in the studies for all five years.

Commercial Property Tax Rankings

Urban

Table 36 and Table 42 on pages 23 and 32 show the property tax rankings for commercial property (assumed to be office buildings of selected values). The three commercial properties studied are parcels consisting of: \$100,000 real property value with \$20,000 of personal property; \$1 million real property value with \$200,000 of personal property; and \$25 million real property value with \$5 million of personal property.

Minneapolis’ commercial property tax rankings remained stable since 2004. The \$100,000 parcel moved up two places to 21st, the \$25 million parcel moved down two places to 11th, and the \$1 million parcel’s ranking were unchanged. The sharp jump in rank between the \$100,000 and \$1 million parcels is due to Minnesota’s tiered assessment rate for commercial property: value under \$150,000 is assessed at 1.5% and property value over \$150,000 is assessed at 2.0%.

The total tax payable on each parcel increased about 1.5% from the 2004 tax, and each parcel moved further ahead of the national average. These numbers still represent significant competitive improvement since 1995, when Minnesota’s two cities used that year, Minneapolis

III. Findings

and Litchfield, ranked highest in the country for the higher valued parcels. Property tax reform begun in the late 1990s and the additional significant class rate compression and school levy takeover implemented in 2001 (see Table 9 on page iv) are responsible for the improvements in rank through 2002.

A combination of property tax restraint and the falling rate of the statewide property tax on business property* most likely have contributed to the continued improvement through 2004, plus the reduction in reliance on property taxes for financing public schools, which was also part of Minnesota's 2001 property tax reform. The shifting affects of limited market value on residential property is probably the reason for the slight upturn in 2005.

Table 18: Minneapolis Commercial Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Real Property Value	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	Urban		Total Tax	ETR	Urban	
			% U.S.	Rank			% U.S.	Rank
\$100,000	\$2,534	2.112%	104.9	23	\$2,578	2.149%	106.2	21
\$1,000,000	\$32,229	2.686%	131.2	14	\$32,736	2.728%	132.7	14
\$25,000,000	\$834,899	2.783%	135.2	11	\$847,834	2.826%	136.9	13

Minneapolis' ratio of commercial effective tax rates to homestead effective tax rates increased slightly for 2005, as discussed in the preceding section.

Rural

Minnesota's rankings for rural commercial property taxes remained stubbornly high for 2005. Table 47 on page 41 details the national rankings, while Table 19 below summarizes our Minnesota findings. There was an upward trend for the lower-valued properties, with the \$100,000 parcel's ranking rising three spots from our 2004 study, to 14th. For higher-valued properties, however, rural commercial property taxes stayed high even with a slight drop in rank. The ranking for the highest valued property (\$25 million) dropped one spot from 5th to 6th, and the \$1 million parcel remained in the 7th spot. Total taxes payable rose between 5.5% to 5.8% and rose to a level above of the U.S. average. As with the Minneapolis example, ETRs increase as value increases because business real property valued in excess of \$150,000 is assessed at a higher rate, and therefore a greater proportion of the parcel is taxed. Minnesota's practice of taxing business property 2 to 3 times more heavily than homeowners is more of a competitive problem for Minnesota in rural areas than for urban areas. In spite of significant reduction in disparities between residential and business properties, commercial property taxes in rural Minnesota remain high.

Table 19: Glencoe Commercial Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Value of Real Property	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	% U.S.	Rank	Total Tax	ETR	% U.S.	Rank
\$100,000	\$2,276	1.897%	117.0	17	\$2,403	2.003%	120.9	14
\$1,000,000	\$28,801	2.400%	146.0	7	\$30,470	2.539%	152.0	7
\$25,000,000	\$745,585	2.485%	150.8	5	\$789,014	2.630%	157.2	6

*Minnesota's statewide property tax on business and cabin property began with a dollar amount of levy specified in statute (about \$592 million in 2002, the first year) that is increased by the Implicit Price Deflator for State and Local Government Purchases each year. That dollar amount is divided by the statewide property tax base of business and cabin property. Because those values have grown faster than the statutory growth of the levy amount, the property tax rate for the statewide tax has declined each year since its inception in 2002.

The Highest and Lowest Commercial Tax States – Urban

The states whose largest cities had the highest commercial property taxes for all values of property in 2005 were:

Table 20: Urban Cities with Commercial Tax Rankings among the Top Ten for All Values

State	City	\$100,000 Business		\$1 million Business		\$25 million Business	
		Tax	Rank	Tax	Rank	Tax	Rank
New York	New York City	\$4,641	1	\$46,411	1	\$1,160,278	1
Michigan	Detroit	\$4,612	2	\$46,117	2	\$1,152,916	2
Rhode Island	Providence	\$4,568	3	\$45,679	3	\$1,141,975	3
New York	Buffalo	\$4,399	4	\$43,993	4	\$1,099,823	4
Iowa	Des Moines	\$4,124	5	\$41,236	5	\$1,030,896	5
Illinois	Chicago	\$3,911	6	\$39,112	6	\$ 977,803	7
Massachusetts	Boston	\$3,562	7	\$35,621	8	\$ 890,530	8
Maryland	Baltimore City	\$3,521	8	\$35,208	9	\$ 880,200	9
Pennsylvania	Philadelphia	\$3,482	9	\$34,822	10	\$ 870,540	10

New York City moved into the top spot this year, displacing Detroit. Buffalo, New York is new to the study (added as the second largest city because of the unique nature of the state's largest city) and debuted in the third spot for each parcel value. Baltimore and Philadelphia were also new to the list for 2005, with Baltimore having just missed the Top Ten in 2005, while Pennsylvania moved up nearly 20 spots to enter the Top Ten. (Philadelphia business properties are subject to a 46.2 mill Business Use and Occupancy Tax about which we were not informed during previous studies. Including this tax increases the property tax rate by 50% on commercial, industrial and apartment properties in Philadelphia, resulting in the sharp increase in taxes and ranking.)

States with the lowest commercial property taxes for their largest city for 2005 were:

Table 21: Urban Cities with Commercial Tax Rankings among the Bottom Ten for All Values

State	City	\$100,000 Business		\$1 million Business		\$25 million Business	
		Tax	Rank	Tax	Rank	Tax	Rank
Wyoming	Cheyenne	\$798	53	\$7,983	53	\$199,568	53
Delaware	Wilmington	\$1,030	52	\$10,300	52	\$257,494	52
Hawaii	Honolulu	\$1,054	51	\$10,539	51	\$263,471	51
Virginia	Virginia Beach	\$1,100	50	\$11,003	50	\$275,068	50
Washington	Seattle	\$1,165	49	\$11,650	49	\$291,249	49
North Carolina	Charlotte	\$1,363	48	\$13,626	48	\$340,655	48
Nevada	Las Vegas	\$1,376	47	\$13,762	47	\$344,046	47
California	Los Angeles	\$1,387	46	\$13,872	46	\$346,790	46
Kentucky	Louisville	\$1,393	45	\$13,925	45	\$348,132	45
New Mexico	Albuquerque	\$1,416	44	\$14,164	44	\$354,108	44

As with the homestead Bottom Ten list, most of these municipalities ranked near the bottom simply due to low property tax rates. Most of these cities also assess far below market value-- notably, Wilmington, Delaware, with a sales ratio of 33.88%.

Industrial Property Tax Rankings

Industrial property is considered separately because industrial properties tend to have higher proportions of personal property than commercial properties, and states often vary in their tax treatment of personal property.

We used the same set of real value assumptions as used for the commercial property (\$100,000, \$1 million, and \$25 million). In our first four studies, we assumed that personal property value

III. Findings

comprised 50% of the total parcel value. Recent research corroborates that assumption, but there was evidence of enough variability among the states that we added a second example to the body of our report that assumes 40% real property and 60% personal property for industrial parcels. This provides a range of personal property percentages within which we believe most industrial parcels will fall.

We also specified the mix of personal property between machinery/equipment, inventories, and fixtures (see the methodology section in Appendix A for definitions). For all assumptions, the mix was set in the ratio of 5:4:1 – that is, for properties with 50% personal and 50% real property, the \$100,000 real value parcel is assumed to contain \$100,000 worth of total personal property, of which \$50,000 is assumed to be machinery and equipment; \$40,000 inventories; and \$10,000 fixtures. For properties with 60% personal and 40% real property, the \$100,000 real value parcel is assumed to contain \$150,000 worth of total personal property, of which \$75,000 is assumed to be machinery and equipment; \$50,000 inventories; and \$15,000 fixtures. The same percentages are used for the \$1 million and \$25 million examples.

Urban

Table 37 on page 25 shows the results of the urban industrial property tax calculations for parcels with personal property comprising 50% of total value. Table 38 on page 27 shows the results of the urban industrial property tax ranking for parcels whose total value includes 40% personal property.

Minneapolis' industrial property tax rankings, total taxes paid and burden compared to the national average all dropped considerably since 2004, mainly from a drop in the sales ratio from 99.6% in 2004 to 87.9% for 2005. (Because there were so few industrial sales in Minneapolis in recent years, the sales ratio is more volatile from year to year than when there are more sales.) Assuming equal proportions of real and personal property, the \$100,000 parcel dropped 8 places, from 25th to 33rd. The \$1 million parcel dropped 5 spots to 23rd, and the \$25 million parcel also dropped 8 places to 21st. Total taxes payable fell just over 17% for each parcel. Assuming a valuation mix of 40% from real and 60% from personal property, Minneapolis' rankings also dropped, and the declines in total taxes payable were identical to the previous examples.

Compared to the other 49 largest cities in the country, the burden on Minneapolis industrial properties is still low. As Table 22 below indicates, Minneapolis' rankings ranged from 31st to the \$100,000 parcel to 22nd for the \$25 million, if real and personal property are in equal proportions; and ranged from 35th for the \$100,000 parcel to 28th for the \$25 million parcel if personal property comprises 60% of the total value of the parcel.

Minnesota's full exemption of personal property (machinery, equipment, inventories, and fixtures) for most industrial firms (except utilities) is the reason Minnesota's industrial property tax rankings are lower than the commercial rankings, even though the total taxes payable for industrial parcels are equal to commercial parcels of the same value in the same location.

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Table 22: Minneapolis Industrial Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Real Property Value	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	Urban		Total Tax	ETR	Urban	
			% U.S.	Rank			% U.S.	Rank
50% Pers. Prop								
\$100,000	\$3,112	1.556%	97.9	25	\$2,578	2.149%	83.8	33
\$1,000,000	\$39,581	1.979%	121.0	18	\$32,736	2.728%	103.2	23
\$25,000,000	\$1,025,351	2.051%	124.7	13	\$847,834	2.826%	106.6	21
60% Pers. Prop								
\$100,000	\$3,112	1.556%	83.6	35	\$2,578	2.149%	72.1	38
\$1,000,000	\$39,581	1.979%	103.7	26	\$32,736	2.728%	89.3	30
\$25,000,000	\$1,025,351	2.051%	107.0	24	\$847,834	2.826%	92.1	28

(Note: the significant drop in rank from 2004 results mainly from a drop in the sales ratio from 99.6% in 2004 to 87.9% for 2005.)

As our examples indicate, the benefit of the personal property exemption increases as the amount of personal property value relative to real property value increases.

Rural

Minnesota’s rural industrial property taxes ranked roughly ten spots higher than the taxes for comparable industrial properties in Minneapolis, even though the ETRs and total taxes payable were lower than similar properties in Minneapolis. The increase in this property type’s rank from 2004 also is due mainly to changes in the sales ratio for industrial properties in Glencoe, as was the case for Minneapolis examples, too. For both property mix assumptions, Glencoe’s ranking for the \$100,000 parcel rose 4 places (from 25th to 21st for the 50/50 mix and from 32nd to 28th for the 40/60 mix). The tax on these properties remained below the national average.

Table 23: Glencoe Industrial Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Value of Real Property	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	% U.S.	Rank	Total Tax	ETR	% U.S.	Rank
50/50 Land vs. Personal								
\$100,000	\$2,276	1.897%	88.9	25	\$2,403	2.003%	94.5	21
\$1,000,000	\$28,801	2.400%	110.4	17	\$30,470	2.539%	117.6	14
\$25,000,000	\$745,585	2.485%	114.0	16	\$789,014	2.630%	121.5	11
40/60 Land vs. Personal								
\$100,000	\$2,276	1.897%	76.2	32	\$2,403	2.003%	81.6	28
\$1,000,000	\$28,801	2.400%	94.8	22	\$30,470	2.539%	101.8	20
\$25,000,000	\$745,585	2.485%	98.0	20	\$789,014	2.630%	105.2	18

Our national results can be found in Table 48 and Table 49 on pages 43 through 45.

The Highest and Lowest Industrial Tax States – Urban

The states whose largest cities ranked in the Top Ten for all three industrial values for parcels with 50% personal property valuation were:

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**Table 24: Urban Cities with Industrial Tax Rankings among the Top Ten for All Values
(for parcels with 50% personal property valuation)**

State	City	\$100,000 Business		\$1 million Business		\$25 million Business	
		Tax	Rank	Tax	Rank	Tax	Rank
Michigan	Detroit	\$6,549	1	\$65,490	1	\$1,637,238	1
South Carolina	Columbia	\$6,174	2	\$61,740	2	\$1,543,500	2
Texas	Houston	\$6,132	3	\$61,323	3	\$1,533,075	3
Mississippi	Jackson	\$5,132	4	\$51,324	5	\$1,283,101	5
Louisiana	New Orleans	\$4,969	5	\$49,689	6	\$1,242,236	6
New York	New York City	\$4,641	6	\$46,411	7	\$1,160,278	7
Indiana	Indianapolis	\$4,549	7	\$45,490	8	\$1,137,253	8
Missouri	Kansas City	\$4,454	8	\$44,538	9	\$1,113,444	9
New York	Buffalo	\$4,399	9	\$43,993	10	\$1,099,823	10

The tax burden on industrial properties in Columbia, South Carolina's fell since 2004, and Detroit regained the top ranking. New to the Top Ten in 2005 was Jackson, Mississippi, which just missed the Top Ten in 2004, and Buffalo, New York. Wichita, Kansas dropped from the list, mainly because of slight reduction in the property tax rate and the sales ratio for industrial properties. Providence, Rhode Island fell from the list because revaluation reduced the sales ratio for industrial properties.

The states whose largest cities ranked in the Top Ten for all three industrial values for parcels with 60% personal property valuation were:

**Table 25: Urban Cities with Industrial Tax Rankings among the Top Ten for All Values
(for parcels with 60% personal property valuation)**

State	City	\$100,000 Business		\$1 million Business		\$25 million Business	
		Tax	Rank	Tax	Rank	Tax	Rank
Michigan	Detroit	\$7,907	1	\$79,069	1	\$1,976,730	1
Texas	Houston	\$7,665	2	\$76,654	2	\$1,916,343	2
South Carolina	Columbia	\$7,332	3	\$73,316	3	\$1,832,906	3
Mississippi	Jackson	\$6,416	4	\$64,160	5	\$1,603,988	5
Louisiana	New Orleans	\$6,254	5	\$62,536	6	\$1,563,405	6
Indiana	Indianapolis	\$5,642	6	\$56,421	7	\$1,410,521	7
Missouri	Kansas City	\$5,245	7	\$52,447	8	\$1,311,166	10
Kansas	Wichita	\$5,207	8	\$52,073	9	\$1,323,085	9

The states whose largest cities had the lowest industrial taxes for parcels with 50% personal property valuation were:

**Table 26: Urban Cities with Industrial Tax Rankings among the Bottom Ten for All Values
(for parcels with 50% personal property valuation)**

State	City	\$100,000 Business		\$1 million Business		\$25 million Business	
		Tax	Rank	Tax	Rank	Tax	Rank
Delaware	Wilmington	\$1,030	53	\$10,300	53	\$257,494	53
Hawaii	Honolulu	\$1,082	52	\$10,821	52	\$270,521	52
Virginia	Virginia Beach	\$1,117	51	\$11,173	51	\$279,318	51
Wyoming	Cheyenne	\$1,293	50	\$12,929	50	\$323,232	50
Washington	Seattle	\$1,549	49	\$15,486	49	\$387,140	49
Kentucky	Louisville	\$1,557	48	\$15,568	48	\$389,189	48
New Hampshire	Manchester	\$1,594	47	\$15,942	47	\$398,558	47
South Dakota	Sioux Falls	\$1,724	46	\$17,239	46	\$430,971	46
North Carolina	Charlotte	\$1,833	45	\$18,333	45	\$458,325	45
Nevada	Las Vegas	\$1,838	44	\$18,382	44	\$459,553	44

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Sioux Falls, South Dakota dropped into the Bottom Ten in 2005, replacing Lexington-Fayette Kentucky, which was removed from the study.

The urban cities with the lowest taxes for industrial parcels with 60% personal property were:

**Table 27: Urban Cities with Industrial Tax Rankings among the Bottom Ten for All Values
(for parcels with 60% personal property valuation)**

State	City	\$100,000 Business		\$1 million Business		\$25 million Business	
		Tax	Rank	Tax	Rank	Tax	Rank
Delaware	Wilmington	\$1,030	53	\$10,300	53	\$257,494	53
Hawaii	Honolulu	\$1,082	52	\$10,821	52	\$270,521	52
Virginia	Virginia Beach	\$1,274	51	\$12,738	51	\$318,443	51
Wyoming	Cheyenne	\$1,538	50	\$15,379	50	\$384,469	50
New Hampshire	Manchester	\$1,594	49	\$15,942	49	\$398,558	49
South Dakota	Sioux Falls	\$1,724	48	\$17,239	48	\$430,971	48
Kentucky	Louisville	\$1,820	47	\$18,196	47	\$454,910	47
Washington	Seattle	\$1,836	46	\$18,362	46	\$459,059	46
New Jersey	Newark	\$2,171	45	\$21,714	45	\$542,858	45
Nevada	Las Vegas	\$2,185	44	\$21,847	44	\$546,183	44

Here Newark, New Jersey replaced Charlotte, North Carolina; showing how important the personal property exemption is. Five of the ten locales in Table 27, including Newark, exempt machinery, equipment, inventories and fixtures.

A Note about the Share of Personal Property Tax to Total Value

For states with personal property exemptions, tax rankings decrease in all categories of industrial property as the assumed percentage of personal property increases, emphasizing the importance of the personal property tax assumption used. In the first four versions of this study, MTA used a 50% real value and 50% personal value assumption to calculate the main comparison tables, but included examples in the text that use higher portions of personal property value.

It is difficult to say which personal property assumptions are best to use. Since Minnesota has not taxed personal property for more than 30 years, the Minnesota Department of Revenue has no Minnesota-specific data that could be used to determine conclusively the typical personal property percentage for the various sizes of commercial and industrial businesses.

In the 2002 study, MTA concluded that “a more definitive evaluation of these assumptions is warranted”, and followed up that recommendation by using real versus personal property information of an actual company with multiple holdings throughout the country. The average percentage of personal property value to total value for the company’s industrial property in Minnesota was 53%, with real property comprising the remaining 47%. These percentages were close to our original assumption of 50% for each type of property. The average percentage of personal property for industrial parcels across all states was closer to 59%.

Because this is a national study, MTA felt it appropriate to include two examples of industrial property based on this research. The two chosen were the 50% personal and 50% real example used in all previous studies, and which is more nearly reflective of Minnesota’s average, plus an example that assumes 60% of total value is personal property, which is closer to the average in some other states.

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Apartment Property Tax Rankings

Urban

Property taxes were calculated on a 20-unit, \$600,000 unfurnished apartment building with \$30,000 of personal property. Our findings are presented on Table 39 and Table 45 on pages 29 and 38, and they show that Minneapolis' apartment tax of \$9,950 for such a building was 13.3% below the national average, and its rank compared to other urban cities was 28th highest, while its rank compared to the largest 50 cities in the nation was 23rd. This continued the decrease seen since the pre-2001 property tax reform ranking of 7th highest in our 2000 study. With the elimination of the general education levy, along with favorable classification changes, apartment taxes were greatly reduced, and the tax burden has continued to fall both absolutely and relatively since then as the lower class rates have taken affect. (In the course of preparing the 2005 study, we discovered that our 2004 results for Minnesota were in error. The table below reflects corrected results for apartments for 2004.)

Table 28: Minneapolis Apartment Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Real Property Value	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	Urban		Total Tax	ETR	Urban	
			% U.S.	Rank			% U.S.	Rank
\$600,000	\$10,453	1.659%	92.3	26	\$9,950	1.579%	86.7	28

Rural

Table 50 on page 47 shows Minnesota's ranking for rural apartment taxes stabilized; after dropping from 1st in 2000 (where it had been since 1995) to 13th in 2002 to 29th in 2004 (some of that drop can be attributed to the change in cities used in the study). For 2005 the ranking remained unchanged at 29. The tax on the Glencoe apartment rose slightly to \$8,273, which was still 15.0% below the U.S. average. (Table 29 below contains corrected numbers for 2004. See the comment above in the urban apartment tax analysis.)

The significant reductions in apartment taxes were the result of a deliberate effort to reduce those taxes as part of Minnesota's 2001 property tax reform.

Table 29: Glencoe Apartment Property Tax Effective Tax Rates (ETR), Taxes Payable 2004 and 2005

Value of Real Property	Taxes Payable 2004				Taxes Payable 2005			
	Total Tax	ETR	% U.S.	Rank	Total Tax	ETR	% U.S.	Rank
\$600,000	\$8,150	1.293%	83.4	29	\$8,273	1.313%	84.8	29

The Highest and Lowest Apartment Tax States – Urban

The states whose largest cities had high apartment taxes in 2005 were:

Table 30: Urban Cities with Apartment Tax Rankings among the Top Ten

State	City	\$600,000 Apartment	
		Tax	Rank
New York	Buffalo	\$26,396	1
New York	New York City	\$26,151	2
Michigan	Detroit	\$25,812	3
Iowa	Des Moines	\$24,741	4
Rhode Island	Providence	\$22,952	5
Tennessee	Memphis	\$18,608	6
Texas	Houston	\$16,861	7
Mississippi	Jackson	\$16,162	8
Maryland	Baltimore City	\$15,932	9
Wisconsin	Milwaukee	\$15,799	10

Buffalo debuted in the top spot for apartment taxes, bumping companion New York City to number two. New to the Top Ten in 2005 was Maryland, which experienced increases in both its property tax rate and sales ratio (showing an improvement in the quality of assessments) and Wisconsin rejoined the list after leaving in 2004. Chicago, Illinois; Bridgeport, Connecticut and Charleston, South Carolina all exited the top 10 list.

The states whose largest cities had the lowest apartment taxes were:

Table 31: Urban Cities with Apartment Tax Rankings among the Bottom Ten

State	City	\$600,000 Apartment	
		Tax	Rank
Hawaii	Honolulu	\$2,141	53
Colorado	Denver	\$3,605	52
Wyoming	Cheyenne	\$3,976	51
Utah	Salt Lake City	\$5,110	50
Virginia	Virginia Beach	\$5,270	49
District of Columbia	Washington	\$5,334	48
Washington	Seattle	\$6,127	47
Delaware	Wilmington	\$6,180	46
New Mexico	Albuquerque	\$6,535	45
Kentucky	Louisville	\$6,728	44

Albuquerque, New Mexico and Louisville, Kentucky dropped into the Bottom Ten this year; replacing Boston, Massachusetts and Lexington-Fayette, Kentucky, which is no longer part of the study.

Degree of Classification, Apartment vs. Homestead

It is useful to know how the effective tax rates on apartments compare with those on residential property as a way of measuring the degree of subsidy provided to homeowners at the expense of renters. Table 32 on the next page shows the ratio of apartment effective tax rates to those of a home valued at the median selling price in each metropolitan area.

III. Findings

Table 32: Ratio of Apartment Effective Tax Rates (ETRs) to Homestead Rates, Urban Cities (\$600,000 apartment/ Median-valued home)

<u>State</u>	<u>City</u>	<u>Median Value</u>	<u>Ratio</u>	<u>Rank</u>	<u>State</u>	<u>City</u>	<u>Median Value</u>	<u>Ratio</u>	<u>Rank</u>
New York	New York City	452,700	6.820	1	Alaska	Anchorage	195,700	1.111	27
Rhode Island	Providence	291,600	2.496	2	Oklahoma	Oklahoma City	115,700	1.085	28
Iowa	Des Moines	145,100	2.381	3	Illinois	Chicago	265,400	1.082	29
					District of				
Alabama	Birmingham	156,100	2.103	4	Columbia	Washington	429,200	1.075	30
South Carolina	Columbia	133,700	2.032	5	New Mexico	Albuquerque	171,700	1.046	31
West Virginia	Charleston	121,700	1.966	6	Maryland	Baltimore City	264,700	1.032	32
Mississippi	Jackson	131,700	1.938	7	Kansas	Wichita	106,300	1.030	33
Louisiana	New Orleans	152,600	1.857	8	Maine	Portland	247,200	1.021	34
New York	Buffalo	97,500	1.723	9	Wisconsin	Milwaukee	216,800	1.017	35
Illinois	Aurora	265,400	1.703	10	California	Los Angeles	474,800	1.015	36
Indiana	Indianapolis	124,600	1.697	11	Nebraska	Omaha	137,300	1.009	37
Tennessee	Memphis	150,100	1.600	12	Missouri	Kansas City	157,100	1.000	38
Idaho	Boise	161,800	1.453	13	North Carolina	Charlotte	179,600	1.000	39
Massachusetts	Boston	418,500	1.427	14	Montana	Billings	154,500	1.000	40
U.S. Average			1.382		New Hampshire	Manchester	136,500	1.000	41
South Dakota	Sioux Falls	137,700	1.381	15	Oregon	Portland	238,000	1.000	42
Georgia	Atlanta	166,500	1.315	16	Pennsylvania	Philadelphia	211,000	1.000	43
Minnesota	Minneapolis	237,700	1.291	17	Washington	Seattle	310,300	1.000	44
U.S. Average w/o New York City			1.277		New Jersey	Newark	414,400	1.000	45
Vermont	Burlington	172,800	1.267	18	Delaware	Wilmington	211,000	1.000	46
Michigan	Detroit	169,200	1.265	19	Nevada	Las Vegas	300,100	0.997	47
Ohio	Columbus	155,900	1.226	20	Colorado	Denver	248,400	0.990	48
Connecticut	Bridgeport	487,300	1.222	21	Hawaii	Honolulu	577,800	0.982	49
Arizona	Phoenix	243,400	1.180	22	Utah	Salt Lake City	169,900	0.974	50
Florida	Jacksonville	166,600	1.176	23	Wyoming	Cheyenne	132,300	0.961	51
Arkansas	Little Rock	118,900	1.172	24	Virginia	Virginia Beach	192,000	0.953	52
Texas	Houston	142,500	1.138	25	Kentucky	Louisville	136,800	0.911	53
North Dakota	Fargo	132,600	1.111	26	Vermont	Burlington	172,800	1.267	18

The subsidy for homeowners versus renters (of 4+ unit apartments) in Minnesota takes two forms: the market value credit available only to owner-occupied property, and a class rate of 1% for the first \$500,000 of home value, compared to a class rate of 1.25% for apartments.

Minneapolis' apartment-to-home ratio of 1.291 ranked 17th, down one spot from its 2004 ranking of 16th, when the ratio was 1.318. The ratio was 6.6% below the U.S. average (1.291 versus 1.382), but when the city of New York is excluded, an outlier from other cities, Minnesota's ratio was about 1% higher than is typical of other states, but still down considerably from earlier years as a result of a deliberate policy to reduce apartment taxes.

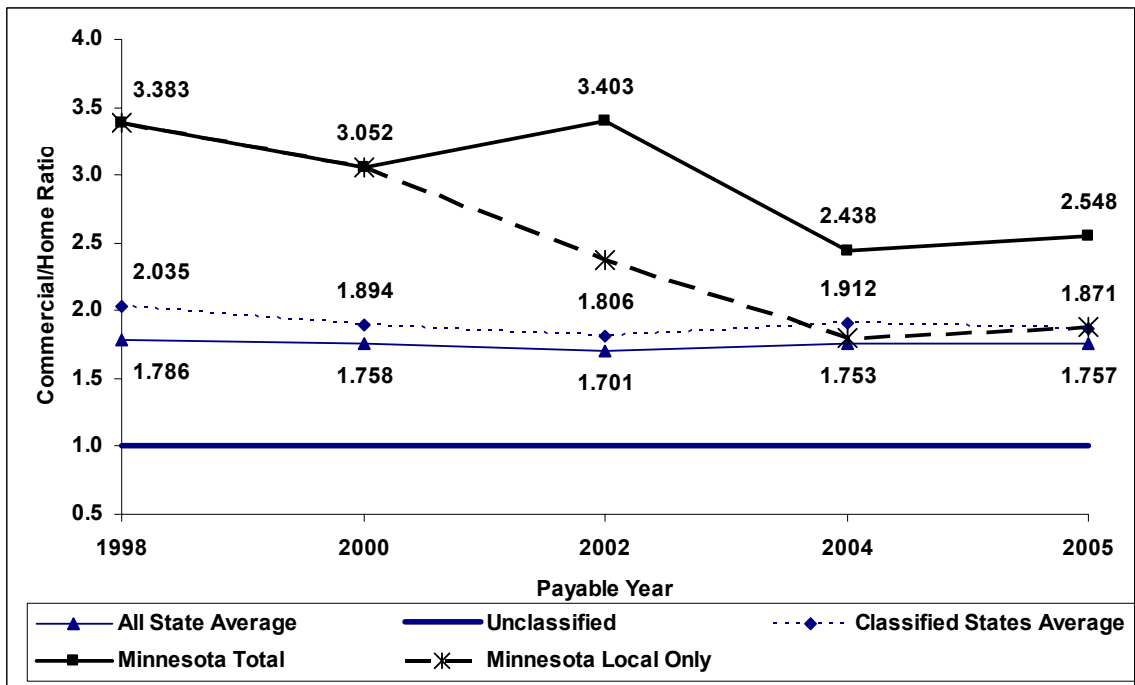
IV. Conclusion

This study updates our payable 2004 *50-State Property Tax Comparison Study* in order to continue to measure the long-term effects of the major property tax reform of the 2001 legislative session, and to satisfy the data needs of a growing number of public policy researchers. Our findings show that the reduction in class disparities this major reform achieved has been largely preserved through four years of experience. The first year of the reform resulted in greater class disparities between business and residential properties, primarily because of the statewide levy enacted as part of the reform. Because that levy goes into the state’s General Fund, MTA also measured class rate compression at the local level. The 2001 reform reduced the local component of business property taxes and apartment property taxes without shifting taxes to homeowners in payable 2002.

The lynchpin of the 2001 reforms was to remove the general education levy from local property taxes and replace it with General Fund money. Property taxes statewide fell by about 9% for 2002, compared to 2001, because of the reforms enacted, even after many local governments raised their levies significantly to take advantage of “room” created by the repeal of the general education levy. Aggregate property tax levies for 2003 returned to just below the level for 2001. It is only for taxes payable in 2004 and beyond that the reform can be appropriately evaluated, since no major property tax changes have been made since 2001.

The measure of class rate compression for this latest study shows that changes put in place as part of the 2001 reform did narrow the gap between business and residential property at the local level and for all property taxes including the statewide levy on business property, but this year the ratio rose slightly; from 1.799 in 2004 to 1.875 for the local component and from 2.438 to 2.458 for the total (see Table 17 on page 6 for the complete rankings). However, these ratios are still far below those measured before the property tax reform of 2001 was enacted. Figure 3 below provides a visual representation of this trend (repeated from its presentation above for convenient reference).

Figure 3: Various Ratios of Urban Commercial-to-Median Homestead ETRs, 1998 – 2005



IV. Conclusion

The reduction in the business to residential ratio for Minnesota between 1998 and 2005 can be attributed to several things:

1. *The method used to calculate the statewide property tax on business:* Because the levy amount is fixed in statute and increased by a measure of inflation from year to year, the tax rate for the statewide business property tax actually drops when values subject to the tax increase more rapidly than the levy inflator. This has been the case every year since the reform (but will be different for taxes payable in 2006 due to changes made in 2005).
2. *The phase-out of limited market value on homes and cabins:* This was part of the 2001 reform and has resulted in residential and cabin taxable values rising more rapidly than business property values through 2004. For 2005, however, the economic recovery resulted in rebounding commercial and industrial values, likely outstripping limits on home and cabin values and slightly reversing the reduction. Because cabins are also part of the statewide property tax base, however, the statewide property tax rate can be lower than it otherwise would be as more of the previously exempt value continues to be brought back into the system through the limited market value phase-out. This trend will be slightly offset by the two-year delay in phasing out limited market value from the 2005 session.
3. *Compression of class rates:* During Minnesota's 1997, 1998, 1999, and 2001 legislative sessions, classification rates were reduced for nearly all classes except the first \$75,000 of homestead value (the tier amount was raised to \$76,000 during the 1999 session for taxes payable in 2000 and again during the 2001 session to \$500,000 for taxes payable in 2002). Future phased-in rate reductions for apartments were part of the 2001 reform. Table 33 below shows class rates for the period 1995-2005 for the classes of property used in this study.

Table 33: Minnesota's Property Classifications and Class Rates, 1995-2005

Payable Year→	1995-		2000		2004	
	97	1998	1999 & 2001	2002	2003	&2005
Class 1 (a): Residential Homesteads						
Tier 1 (<\$72,000 Market 1995-97, <\$75K for 1998-99, <\$76K for 2000-01, <\$500K for 2002-05)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Tier 2 (\$72,000+ Market 1995-97, \$75K for 1998-99, \$76K for 2000-01, \$500K for 2002-05)	2.00%	1.85%	1.70%	1.65%	1.25%	1.25%
Class 3 (a): Commercial/Industrial						
First \$100,000 market (\$150,000 for 1998-2005)	3.00%	2.70%	2.45%	2.40%	1.50%	1.50%
Over \$100,000 market (> \$150,000 for 1998-2005)	4.60%	4.00%	3.50%	3.40%	2.00%	2.00%
Class 4 (a): Apartments (>=4 units)						
	3.40%	2.90%	2.50%	2.40%	1.80%	1.25%

These classification rate changes, accompanied by the replacement of the state general education levy with state aid as part of the 2001 reform, resulted in an improved relative property tax ranking for Minnesota business and apartment property without detrimental effects on homeowners' taxes.

Progress has been made toward compressing Minnesota's class rates and we commend those involved for moving our property tax system toward accountability. In spite of this progress, however, rural business property taxes remain stubbornly high compared to the rest of the country, and it is rural Minnesota that is most in need of a tax environment conducive to business development and expansion. Also, there is continued pressure to increase the statewide property tax primarily on business property to provide more revenues for state government. Furthermore, the ratio of commercial to residential ETRs in Minnesota is still 11% higher than the average for

all places in this study. This measure also crept up for 2005, probably due primarily to limited market value for residential property.

Further reductions in the disparity between business and residential property would have a two-fold benefit for Minnesota. First, it would more closely align the cost of local public services with the majority of voters, that is, homeowners. This means that more of the tax burden would be in plain view of homeowners instead of being hidden from them in the form of increased business taxes, which are ultimately passed on to homeowners primarily through higher prices and lower wages. Second, business property taxes would be lowered, resulting in a more competitive business environment in the state. For these reasons and more, vigilance is required to preserve the gains in accountability that have been made over the last several years at significant cost to the state's general fund.

IV. Conclusion

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V. Rankings Tables – Urban

Table 34: Urban Homestead Property Taxes Payable 2005

\$150,000 VALUED PROPERTY					\$300,000 VALUED PROPERTY				
Rank	State	City	Net Tax	ETR	Rank	State	City	Net Tax	ETR
1	Michigan	Detroit	\$4,850	3.234%	1	Michigan	Detroit	\$9,701	3.234%
2	New York	Buffalo	3,936	2.624%	2	New York	Buffalo	8,067	2.689%
3	Wisconsin	Milwaukee	3,669	2.446%	3	Wisconsin	Milwaukee	7,431	2.477%
4	Texas	Houston	3,512	2.341%	4	Illinois	Aurora	7,294	2.431%
5	Illinois	Aurora	3,469	2.312%	5	Texas	Houston	7,217	2.406%
6	Maryland	Baltimore City	3,440	2.294%	6	Maryland	Baltimore City	6,881	2.294%
7	Pennsylvania	Philadelphia	3,350	2.234%	7	Pennsylvania	Philadelphia	6,701	2.234%
8	Nebraska	Omaha	3,094	2.062%	8	New Jersey	Newark	6,514	2.171%
9	North Dakota	Fargo	2,983	1.989%	9	Nebraska	Omaha	6,187	2.062%
10	New Jersey	Newark	2,957	1.971%	10	North Dakota	Fargo	5,966	1.989%
11	Tennessee	Memphis	2,802	1.868%	11	Maine	Portland	5,683	1.894%
12	Maine	Portland	2,770	1.846%	12	Tennessee	Memphis	5,605	1.868%
13	Connecticut	Bridgeport	2,722	1.814%	13	Connecticut	Bridgeport	5,443	1.814%
14	Iowa	Des Moines	2,605	1.736%	14	Iowa	Des Moines	5,429	1.810%
15	New Hampshire	Manchester	2,391	1.594%	15	Indiana	Indianapolis	5,191	1.730%
16	Vermont	Burlington	2,339	1.560%	16	Florida	Jacksonville	4,909	1.636%
17	Indiana	Indianapolis	2,235	1.490%	17	New Hampshire	Manchester	4,783	1.594%
18	Florida	Jacksonville	2,232	1.488%	18	Vermont	Burlington	4,679	1.560%
19	Ohio	Columbus	2,227	1.485%	19	Illinois	Chicago	4,534	1.511%
20	Missouri	Kansas City	2,180	1.454%	20	Ohio	Columbus	4,455	1.485%
21	Rhode Island	Providence	2,150	1.434%	21	Alaska	Anchorage	4,412	1.471%
22	Alaska	Anchorage	2,132	1.421%	22	Missouri	Kansas City	4,361	1.454%
23	Illinois	Chicago	2,110	1.407%	23	Mississippi	Jackson	4,355	1.452%
	AVERAGE		2,048	1.365%	24	Rhode Island	Providence	4,301	1.434%
24	Mississippi	Jackson	2,027	1.352%		AVERAGE		4,286	1.429%
25	South Dakota	Sioux Falls	1,878	1.252%	25	Idaho	Boise	4,269	1.423%
26	Oregon	Portland	1,857	1.238%	26	Arkansas	Little Rock	4,006	1.335%
27	Arkansas	Little Rock	1,853	1.235%	27	Georgia	Atlanta	3,953	1.318%
28	Kansas	Wichita	1,808	1.205%	28	MINNESOTA	Minneapolis	3,952	1.317%
29	MINNESOTA	Minneapolis	1,790	1.193%	29	Louisiana	New Orleans	3,933	1.311%
30	Nevada	Las Vegas	1,698	1.132%	30	South Dakota	Sioux Falls	3,756	1.252%
31	Kentucky	Louisville	1,697	1.132%	31	South Carolina	Columbia	3,730	1.243%
32	Idaho	Boise	1,693	1.129%	32	Oregon	Portland	3,713	1.238%
33	North Carolina	Charlotte	1,691	1.127%	33	Kansas	Wichita	3,662	1.221%
34	Oklahoma	Oklahoma City	1,688	1.125%	34	Oklahoma	Oklahoma City	3,485	1.162%
35	Georgia	Atlanta	1,674	1.116%	35	Nevada	Las Vegas	3,396	1.132%
36	California	Los Angeles	1,653	1.102%	36	Kentucky	Louisville	3,395	1.132%
37	South Carolina	Columbia	1,635	1.090%	37	California	Los Angeles	3,387	1.129%
38	Montana	Billings	1,575	1.050%	38	North Carolina	Charlotte	3,382	1.127%
39	Arizona	Phoenix	1,561	1.041%	39	Montana	Billings	3,150	1.050%
40	Delaware	Wilmington	1,545	1.030%	40	Arizona	Phoenix	3,122	1.041%
41	Washington	Seattle	1,460	0.973%	41	Delaware	Wilmington	3,090	1.030%
42	New Mexico	Albuquerque	1,451	0.967%	42	New Mexico	Albuquerque	2,979	0.993%
43	Louisiana	New Orleans	1,363	0.909%	43	Washington	Seattle	2,920	0.973%
44	Virginia	Virginia Beach	1,265	0.844%	44	Virginia	Virginia Beach	2,531	0.844%
45	West Virginia	Charleston	1,233	0.822%	45	West Virginia	Charleston	2,466	0.822%
46	Utah	Salt Lake City	1,197	0.798%	46	Utah	Salt Lake City	2,394	0.798%
47	District of Columbia	Washington	1,003	0.669%	47	District of Columbia	Washington	2,371	0.790%
48	Alabama	Birmingham	982	0.654%	48	Alabama	Birmingham	2,016	0.672%
49	Wyoming	Cheyenne	981	0.654%	49	Wyoming	Cheyenne	1,963	0.654%
50	Colorado	Denver	769	0.513%	50	New York	New York City	1,782	0.594%
51	New York	New York City	691	0.461%	51	Massachusetts	Boston	1,706	0.569%
52	Hawaii	Honolulu	434	0.289%	52	Colorado	Denver	1,538	0.513%
53	Massachusetts	Boston	242	0.161%	53	Hawaii	Honolulu	1,018	0.339%

V. Ranking Tables – Urban

Table 35: Urban Homestead Property Taxes for a Median-Value Home – Listed by Net Tax Payable 2005

State	City	2005 2nd Quarter Median Sales Price*	Net Tax	Tax Rank	Effective Tax Rate	Rate Rank
New Jersey	Newark	414,400	8,998	1	2.171%	8
Connecticut	Bridgeport	487,300	8,842	2	1.814%	13
Illinois	Aurora	265,400	6,411	3	2.416%	4
Maryland	Baltimore City	264,700	6,071	4	2.294%	6
Michigan	Detroit	169,200	5,471	5	3.234%	1
California	Los Angeles	474,800	5,408	6	1.139%	32
Wisconsin	Milwaukee	216,800	5,344	7	2.465%	3
Pennsylvania	Philadelphia	211,000	4,713	8	2.234%	7
Maine	Portland	247,200	4,626	9	1.872%	11
Rhode Island	Providence	291,600	4,180	10	1.434%	21
Illinois	Chicago	265,400	3,975	11	1.498%	18
District of Columbia	Washington	429,200	3,550	12	0.827%	45
Nevada	Las Vegas	300,100	3,397	13	1.132%	33
Texas	Houston	142,500	3,326	14	2.334%	5
Minnesota	Minneapolis	237,700	3,054	15	1.285%	25
Washington	Seattle	310,300	3,020	16	0.973%	42
Oregon	Portland	238,000	2,946	17	1.238%	27
New York	New York City	452,700	2,893	18	0.639%	51
Massachusetts	Boston	418,500	2,863	19	0.684%	48
Nebraska	Omaha	137,300	2,832	20	2.062%	9
Tennessee	Memphis	150,100	2,804	21	1.868%	12
Alaska	Anchorage	195,700	2,781	22	1.421%	22
Vermont	Burlington	172,800**	2,695	23	1.560%	16
North Dakota	Fargo	132,600	2,637	24	1.989%	10
Arizona	Phoenix	243,400**	2,533	25	1.041%	39
Florida	Jacksonville	166,600	2,528	26	1.517%	17
Iowa	Des Moines	145,100	2,512	27	1.732%	14
New York	Buffalo	97,500	2,490	28	2.554%	2
Ohio	Columbus	155,900	2,315	29	1.485%	19
Missouri	Kansas City	157,100	2,284	30	1.454%	20
New Hampshire	Manchester	136,500**	2,176	31	1.594%	15
Delaware	Wilmington	211,000	2,173	32	1.030%	40
Hawaii	Honolulu	577,800	2,100	33	0.364%	53
North Carolina	Charlotte	179,600	2,025	34	1.127%	35
Georgia	Atlanta	166,500	1,924	35	1.156%	31
Idaho	Boise	161,800	1,896	36	1.172%	30
Mississippi	Jackson	131,700	1,743	37	1.324%	24
Indiana	Indianapolis	124,600	1,735	38	1.392%	23
South Dakota	Sioux Falls	137,700	1,724	39	1.252%	26
New Mexico	Albuquerque	171,700	1,672	40	0.974%	41
Montana	Billings	154,500	1,622	41	1.050%	38
Virginia	Virginia Beach	192,000	1,620	42	0.844%	44
Kentucky	Louisville	136,800	1,548	43	1.132%	34
Louisiana	New Orleans	152,600	1,408	44	0.923%	43
South Carolina	Columbia	133,700	1,407	45	1.052%	37
Arkansas	Little Rock	118,900	1,406	46	1.183%	29
Utah	Salt Lake City	169,900	1,356	47	0.798%	47
Oklahoma	Oklahoma City	115,700	1,277	48	1.104%	36
Colorado	Denver	248,400	1,273	49	0.513%	52
Kansas	Wichita	106,300	1,268	50	1.193%	28
Alabama	Birmingham	156,100	1,024	51	0.656%	49
West Virginia	Charleston	121,700	1,000	52	0.822%	46
Wyoming	Cheyenne	132,300**	866	53	0.654%	50
AVERAGE		217,523	2,901		1.390%	

Median Sales Price Sources: National Association of REALTORS (www.realtor.org), Homegain.com (marked as **) and Billings Association of REALTORS (Billings data only).

Calculations by the Minnesota Taxpayers Association.

*Before calculating the tax, the median value was adjusted for differences in assessment practices using the area's reported median sales ratio.

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**Table 36: Urban Commercial Property Taxes
Payable 2005**

\$100,000 VALUED PROPERTY
\$20,000 Fixtures

\$1 MILLION-VALUED PROPERTY
\$200,000 Fixtures

Rank	State	City	Net Tax	ETR	Rank	State	City	Net Tax	ETR
1	New York	New York City	\$4,641	3.868%	1	New York	New York City	\$46,411	3.868%
2	Michigan	Detroit	4,612	3.843%	2	Michigan	Detroit	46,117	3.843%
3	Rhode Island	Providence	4,568	3.807%	3	Rhode Island	Providence	45,679	3.807%
4	New York	Buffalo	4,399	3.666%	4	New York	Buffalo	43,993	3.666%
5	Iowa	Des Moines	4,124	3.436%	5	Iowa	Des Moines	41,236	3.436%
6	Illinois	Chicago	3,911	3.259%	6	Illinois	Chicago	39,112	3.259%
7	Massachusetts	Boston	3,562	2.968%	7	Arizona	Phoenix	38,048	3.171%
8	Maryland	Baltimore City	3,521	2.934%	8	Massachusetts	Boston	35,621	2.968%
9	Pennsylvania	Philadelphia	3,482	2.902%	9	Maryland	Baltimore City	35,208	2.934%
10	Tennessee	Memphis	3,438	2.865%	10	Pennsylvania	Philadelphia	34,822	2.902%
11	Missouri	Kansas City	3,399	2.833%	11	Tennessee	Memphis	34,377	2.865%
12	Texas	Houston	3,350	2.791%	12	Missouri	Kansas City	33,993	2.833%
13	Arizona	Phoenix	3,254	2.712%	13	Texas	Houston	33,496	2.791%
14	Kansas	Wichita	3,223	2.686%	14 MINNESOTA	Minneapolis	32,736	2.728%	
15	Mississippi	Jackson	3,079	2.566%	15	Kansas	Wichita	32,230	2.686%
16	South Carolina	Columbia	3,027	2.523%	16	Mississippi	Jackson	30,787	2.566%
17	Wisconsin	Milwaukee	3,009	2.508%	17	South Carolina	Columbia	30,275	2.523%
18	Indiana	Indianapolis	2,959	2.466%	18	Wisconsin	Milwaukee	30,094	2.508%
19	Louisiana	New Orleans	2,913	2.428%	19	Indiana	Indianapolis	29,591	2.466%
20	Connecticut	Bridgeport	2,782	2.318%	20	Louisiana	New Orleans	29,135	2.428%
21 MINNESOTA	MINNEAPOLIS		2,578	2.149%	21	Connecticut	Bridgeport	27,821	2.318%
22	Illinois	Aurora	2,550	2.125%	22	Illinois	Aurora	25,501	2.125%
23	Nebraska	Omaha	2,510	2.092%	23	Nebraska	Omaha	25,105	2.092%
24	Maine	Portland	2,441	2.034%	AVERAGE		24,669	2.056%	
AVERAGE			2,428	2.023%	24	Maine	Portland	24,408	2.034%
25	North Dakota	Fargo	2,210	1.841%	25	District of Columbia	Washington	22,231	1.853%
26	New Jersey	Newark	2,171	1.810%	26	North Dakota	Fargo	22,096	1.841%
27	Colorado	Denver	2,166	1.805%	27	New Jersey	Newark	21,714	1.810%
28	Florida	Jacksonville	2,142	1.785%	28	Colorado	Denver	21,665	1.805%
29	Vermont	Burlington	2,127	1.773%	29	Ohio	Columbus	21,495	1.791%
30	Idaho	Boise	2,055	1.712%	30	Florida	Jacksonville	21,417	1.785%
31	West Virginia	Charleston	1,984	1.653%	31	Vermont	Burlington	21,273	1.773%
32	Georgia	Atlanta	1,855	1.546%	32	Idaho	Boise	20,549	1.712%
33	Ohio	Columbus	1,820	1.517%	33	West Virginia	Charleston	19,842	1.653%
34	Utah	Salt Lake City	1,791	1.492%	34	Georgia	Atlanta	18,555	1.546%
35	Alaska	Anchorage	1,778	1.482%	35	Utah	Salt Lake City	17,909	1.492%
36	South Dakota	Sioux Falls	1,724	1.437%	36	Alaska	Anchorage	17,779	1.482%
37	District of Columbia	Washington	1,713	1.428%	37	South Dakota	Sioux Falls	17,239	1.437%
38	Montana	Billings	1,680	1.400%	38	Montana	Billings	16,803	1.400%
39	Alabama	Birmingham	1,657	1.381%	39	Alabama	Birmingham	16,569	1.381%
40	Arkansas	Little Rock	1,656	1.380%	40	Arkansas	Little Rock	16,561	1.380%
41	Oregon	Portland	1,618	1.348%	41	Oregon	Portland	16,176	1.348%
42	New Hampshire	Manchester	1,594	1.329%	42	New Hampshire	Manchester	15,942	1.329%
43	Oklahoma	Oklahoma City	1,503	1.252%	43	Oklahoma	Oklahoma City	15,028	1.252%
44	New Mexico	Albuquerque	1,416	1.180%	44	New Mexico	Albuquerque	14,164	1.180%
45	Kentucky	Louisville	1,393	1.160%	45	Kentucky	Louisville	13,925	1.160%
46	California	Los Angeles	1,387	1.156%	46	California	Los Angeles	13,872	1.156%
47	Nevada	Las Vegas	1,376	1.147%	47	Nevada	Las Vegas	13,762	1.147%
48	North Carolina	Charlotte	1,363	1.136%	48	North Carolina	Charlotte	13,626	1.136%
49	Washington	Seattle	1,165	0.971%	49	Washington	Seattle	11,650	0.971%
50	Virginia	Virginia Beach	1,100	0.917%	50	Virginia	Virginia Beach	11,003	0.917%
51	Hawaii	Honolulu	1,054	0.878%	51	Hawaii	Honolulu	10,539	0.878%
52	Delaware	Wilmington	1,030	0.858%	52	Delaware	Wilmington	10,300	0.858%
53	Wyoming	Cheyenne	798	0.665%	53	Wyoming	Cheyenne	7,983	0.665%

V. Ranking Tables – Urban

**Table 36(cont'd.): Urban Commercial Property Taxes
Payable 2005**

\$25 MILLION-VALUED PROPERTY

\$5,000,000 Fixtures

Rank	State	City	Net Tax	ETR
1	New York	New York City	\$1,160,278	3.868%
2	Michigan	Detroit	1,152,916	3.843%
3	Rhode Island	Providence	1,141,975	3.807%
4	New York	Buffalo	1,099,823	3.666%
5	Iowa	Des Moines	1,030,896	3.436%
6	Arizona	Phoenix	1,002,974	3.343%
7	Illinois	Chicago	977,803	3.259%
8	Massachusetts	Boston	890,530	2.968%
9	Maryland	Baltimore City	880,200	2.934%
10	Pennsylvania	Philadelphia	870,540	2.902%
11	Tennessee	Memphis	859,418	2.865%
12	Missouri	Kansas City	849,814	2.833%
13	MINNESOTA	MINNEAPOLIS	847,834	2.826%
14	Texas	Houston	837,411	2.791%
15	Kansas	Wichita	805,756	2.686%
16	Mississippi	Jackson	769,681	2.566%
17	South Carolina	Columbia	756,866	2.523%
18	Wisconsin	Milwaukee	752,346	2.508%
19	Indiana	Indianapolis	739,771	2.466%
20	Louisiana	New Orleans	728,366	2.428%
21	Connecticut	Bridgeport	695,520	2.318%
22	Illinois	Aurora	637,525	2.125%
23	Nebraska	Omaha	627,619	2.092%
	AVERAGE		619,400	2.065%
24	Maine	Portland	610,190	2.034%
25	District of Columbia	Washington	596,575	1.989%
26	Ohio	Columbus	557,114	1.857%
27	North Dakota	Fargo	552,403	1.841%
28	New Jersey	Newark	542,858	1.810%
29	Colorado	Denver	541,621	1.805%
30	Florida	Jacksonville	535,420	1.785%
31	Vermont	Burlington	531,825	1.773%
32	Idaho	Boise	513,719	1.712%
33	West Virginia	Charleston	496,041	1.653%
34	Georgia	Atlanta	463,873	1.546%
35	Utah	Salt Lake City	447,720	1.492%
36	Alaska	Anchorage	444,468	1.482%
37	South Dakota	Sioux Falls	430,971	1.438%
38	Montana	Billings	420,082	1.400%
39	Alabama	Birmingham	414,220	1.381%
40	Arkansas	Little Rock	414,017	1.380%
41	Oregon	Portland	404,389	1.348%
42	New Hampshire	Manchester	398,558	1.329%
43	Oklahoma	Oklahoma City	375,705	1.252%
44	New Mexico	Albuquerque	354,108	1.180%
45	Kentucky	Louisville	348,132	1.160%
46	California	Los Angeles	346,790	1.156%
47	Nevada	Las Vegas	344,046	1.147%
48	North Carolina	Charlotte	340,655	1.136%
49	Washington	Seattle	291,249	0.971%
50	Virginia	Virginia Beach	275,068	0.917%
51	Hawaii	Honolulu	263,471	0.878%
52	Delaware	Wilmington	257,494	0.858%
53	Wyoming	Cheyenne	199,568	0.665%

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**Table 37: Urban Industrial Property Taxes (50% Personal Property)
Payable 2005**

<u>\$100,000 VALUED PROPERTY</u>				<u>\$1 MILLION-VALUED PROPERTY</u>				
\$50,000 Machinery and Equipment				\$500,000 Machinery and Equipment				
\$40,000 Inventories				\$400,000 Inventories				
\$10,000 Fixtures				\$100,000 Fixtures				
<u>Rank</u>	<u>State</u>	<u>City</u>	<u>Net Tax</u>	<u>ETR</u>	<u>Rank</u>	<u>State</u>	<u>Net Tax</u>	<u>ETR</u>
1	Michigan	Detroit	\$6,549	3.274%	1	Michigan	\$65,490	3.274%
2	South Carolina	Columbia	6,174	3.087%	2	South Carolina	61,740	3.087%
3	Texas	Houston	6,132	3.066%	3	Texas	61,323	3.066%
4	Mississippi	Jackson	5,132	2.566%	4	Arizona	53,378	2.669%
5	Louisiana	New Orleans	4,969	2.484%	5	Mississippi	51,324	2.566%
6	New York	New York City	4,641	2.321%	6	Louisiana	49,689	2.484%
7	Indiana	Indianapolis	4,549	2.275%	7	New York	46,411	2.321%
8	Missouri	Kansas City	4,454	2.227%	8	Indiana	45,490	2.275%
9	New York	Buffalo	4,399	2.200%	9	Missouri	44,538	2.227%
10	Kansas	Wichita	4,357	2.178%	10	New York	43,993	2.200%
11	Tennessee	Memphis	4,334	2.167%	11	Kansas	43,569	2.178%
12	Iowa	Des Moines	4,124	2.062%	12	Tennessee	43,345	2.167%
13	Rhode Island	Providence	4,073	2.036%	13	Iowa	41,236	2.062%
14	Illinois	Chicago	3,911	1.956%	14	Rhode Island	40,729	2.036%
15	Connecticut	Bridgeport	3,911	1.956%	15	Ohio	40,509	2.025%
16	Maine	Portland	3,502	1.751%	16	Illinois	39,112	1.956%
17	Pennsylvania	Philadelphia	3,482	1.741%	17	Connecticut	39,110	1.956%
18	Arizona	Phoenix	3,396	1.698%	18	District of Columbia	35,831	1.792%
19	Nebraska	Omaha	3,370	1.685%	19	Maine	35,020	1.751%
20	West Virginia	Charleston	3,345	1.672%	20	Pennsylvania	34,822	1.741%
21	Massachusetts	Boston	3,268	1.634%	21	Nebraska	33,696	1.685%
22	Ohio	Columbus	3,228	1.614%	22	West Virginia	33,447	1.672%
	AVERAGE		3,078	1.539%	23 MINNESOTA	Minneapolis	32,736	1.637%
23	Georgia	Atlanta	3,040	1.520%	24	Massachusetts	32,680	1.634%
24	Colorado	Denver	2,951	1.475%		AVERAGE	31,719	1.586%
25	Maryland	Baltimore City	2,944	1.472%	25	Georgia	30,398	1.520%
26	Florida	Jacksonville	2,855	1.427%	26	Colorado	29,509	1.475%
27	Arkansas	Little Rock	2,767	1.383%	27	Maryland	29,438	1.472%
28	Idaho	Boise	2,761	1.380%	28	Florida	28,550	1.427%
29	Wisconsin	Milwaukee	2,759	1.379%	29	Arkansas	27,669	1.383%
30	Vermont	Burlington	2,737	1.368%	30	Idaho	27,607	1.380%
31	Oklahoma	Oklahoma City	2,723	1.361%	31	Wisconsin	27,586	1.379%
32	Montana	Billings	2,722	1.361%	32	Vermont	27,369	1.368%
33 MINNESOTA	Minneapolis		2,578	1.289%	33	Oklahoma	27,225	1.361%
34	Alaska	Anchorage	2,573	1.286%	34	Montana	27,216	1.361%
35	Illinois	Aurora	2,550	1.275%	35	Alaska	25,727	1.286%
36	Utah	Salt Lake City	2,388	1.194%	36	Illinois	25,501	1.275%
37	Oregon	Portland	2,377	1.189%	37	Utah	23,878	1.194%
38	Alabama	Birmingham	2,213	1.106%	38	Oregon	23,770	1.189%
39	North Dakota	Fargo	2,210	1.105%	39	Alabama	22,129	1.106%
40	New Jersey	Newark	2,171	1.086%	40	North Dakota	22,096	1.105%
41	District of Columbia	Washington	2,053	1.027%	41	New Jersey	21,714	1.086%
42	New Mexico	Albuquerque	1,983	0.992%	42	New Mexico	19,830	0.992%
43	California	Los Angeles	1,850	0.925%	43	California	18,495	0.925%
44	Nevada	Las Vegas	1,838	0.919%	44	Nevada	18,382	0.919%
45	North Carolina	Charlotte	1,833	0.917%	45	North Carolina	18,333	0.917%
46	South Dakota	Sioux Falls	1,724	0.862%	46	South Dakota	17,239	0.862%
47	New Hampshire	Manchester	1,594	0.797%	47	New Hampshire	15,942	0.797%
48	Kentucky	Louisville	1,557	0.778%	48	Kentucky	15,568	0.778%
49	Washington	Seattle	1,549	0.774%	49	Washington	15,486	0.774%
50	Wyoming	Cheyenne	1,293	0.646%	50	Wyoming	12,929	0.646%
51	Virginia	Virginia Beach	1,117	0.559%	51	Virginia	11,173	0.559%
52	Hawaii	Honolulu	1,082	0.541%	52	Hawaii	10,821	0.541%
53	Delaware	Wilmington	1,030	0.515%	53	Delaware	10,300	0.515%

V. Ranking Tables – Urban

**Table 37 (cont'd.): Urban Industrial Property Taxes (50% Personal Property)
Payable 2005**

\$25 MILLION-VALUED PROPERTY

\$12,500,000 Machinery and Equipment

\$10,000,000 Inventories

\$2,500,000 Fixtures

Rank	State	City	Net Tax	ETR
1	Michigan	Detroit	\$1,637,238	3.274%
2	South Carolina	Columbia	1,543,500	3.087%
3	Texas	Houston	1,533,075	3.066%
4	Arizona	Phoenix	1,386,247	2.772%
5	Mississippi	Jackson	1,283,101	2.566%
6	Louisiana	New Orleans	1,242,236	2.484%
7	New York	New York City	1,160,278	2.321%
8	Indiana	Indianapolis	1,137,253	2.275%
9	Missouri	Kansas City	1,113,444	2.227%
10	New York	Buffalo	1,099,823	2.200%
11	Kansas	Wichita	1,089,224	2.178%
12	Tennessee	Memphis	1,083,614	2.167%
13	Ohio	Columbus	1,034,678	2.069%
14	Iowa	Des Moines	1,030,896	2.062%
15	Rhode Island	Providence	1,018,225	2.036%
16	Illinois	Chicago	977,803	1.956%
17	Connecticut	Bridgeport	977,760	1.956%
18	District of Columbia	Washington	936,575	1.873%
19	Maine	Portland	875,490	1.751%
20	Pennsylvania	Philadelphia	870,540	1.741%
21	MINNESOTA	Minneapolis	847,834	1.696%
22	Nebraska	Omaha	842,410	1.685%
23	West Virginia	Charleston	836,183	1.672%
24	Massachusetts	Boston	817,000	1.634%
	AVERAGE		795,687	1.591%
25	Georgia	Atlanta	759,949	1.520%
26	Colorado	Denver	737,725	1.475%
27	Maryland	Baltimore City	735,950	1.472%
28	Florida	Jacksonville	713,745	1.427%
29	Arkansas	Little Rock	691,725	1.383%
30	Idaho	Boise	690,179	1.380%
31	Wisconsin	Milwaukee	689,651	1.379%
32	Vermont	Burlington	684,213	1.368%
33	Oklahoma	Oklahoma City	680,625	1.361%
34	Montana	Billings	680,396	1.361%
35	Alaska	Anchorage	643,182	1.286%
36	Illinois	Aurora	637,525	1.275%
37	Utah	Salt Lake City	596,960	1.194%
38	Oregon	Portland	594,255	1.189%
39	Alabama	Birmingham	553,220	1.106%
40	North Dakota	Fargo	552,403	1.105%
41	New Jersey	Newark	542,858	1.086%
42	New Mexico	Albuquerque	495,752	0.992%
43	California	Los Angeles	462,387	0.925%
44	Nevada	Las Vegas	459,553	0.919%
45	North Carolina	Charlotte	458,325	0.917%
46	South Dakota	Sioux Falls	430,971	0.862%
47	New Hampshire	Manchester	398,558	0.797%
48	Kentucky	Louisville	389,189	0.778%
49	Washington	Seattle	387,140	0.774%
50	Wyoming	Cheyenne	323,232	0.646%
51	Virginia	Virginia Beach	279,318	0.559%
52	Hawaii	Honolulu	270,521	0.541%
53	Delaware	Wilmington	257,494	0.515%

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**Table 38: Urban Industrial Property Taxes (60% Personal Property)
Payable 2005**

\$100,000 VALUED PROPERTY

\$75,000 Machinery and Equipment
\$60,000 Inventories
\$15,000 Fixtures

\$1 MILLION-VALUED PROPERTY

\$750,000 Machinery and Equipment
\$600,000 Inventories
\$150,000 Fixtures

<u>Rank</u>	<u>State</u>	<u>City</u>	<u>Net Tax</u>	<u>ETR</u>	<u>Rank</u>	<u>State</u>	<u>Net Tax</u>	<u>ETR</u>	
1	Michigan	Detroit	\$7,821	3.129%	1	Michigan	\$78,213	3.129%	
2	Texas	Houston	7,665	3.066%	2	Texas	76,654	3.066%	
3	South Carolina	Columbia	7,332	2.933%	3	South Carolina	73,316	2.933%	
4	Mississippi	Jackson	6,416	2.566%	4	Arizona	64,877	2.595%	
5	Louisiana	New Orleans	6,254	2.501%	5	Mississippi	64,160	2.566%	
6	Indiana	Indianapolis	5,642	2.257%	6	Louisiana	New Orleans	62,536	2.501%
7	Missouri	Kansas City	5,245	2.098%	7	Indiana	Indianapolis	56,421	2.257%
8	Kansas	Wichita	5,207	2.083%	8	Missouri	Kansas City	52,447	2.098%
9	Tennessee	Memphis	5,007	2.003%	9	Kansas	Wichita	52,073	2.083%
10	Connecticut	Bridgeport	4,758	1.903%	10	Ohio	Columbus	51,572	2.063%
11	New York	New York City	4,641	1.856%	11	Tennessee	Memphis	50,070	2.003%
12	Arizona	Phoenix	4,546	1.818%	12	Connecticut	Bridgeport	47,578	1.903%
13	New York	Buffalo	4,399	1.760%	13	New York	New York City	46,411	1.856%
14	Ohio	Columbus	4,334	1.734%	14	District of Columbia	Washington	46,031	1.841%
15	Rhode Island	Providence	4,320	1.728%	15	New York	Buffalo	43,993	1.760%
16	Maine	Portland	4,298	1.719%	16	Rhode Island	Providence	43,204	1.728%
17	West Virginia	Charleston	4,195	1.678%	17	Maine	Portland	42,979	1.719%
18	Iowa	Des Moines	4,124	1.649%	18	West Virginia	Charleston	41,951	1.678%
19	Nebraska	Omaha	4,014	1.606%	19	Iowa	Des Moines	41,236	1.649%
20	Illinois	Chicago	3,911	1.564%	20	Nebraska	Omaha	40,140	1.606%
21	Georgia	Atlanta	3,800	1.520%	21	Illinois	Chicago	39,112	1.564%
	AVERAGE		3,574	1.429%	22	Georgia	Atlanta	37,999	1.520%
22	Colorado	Denver	3,511	1.404%		AVERAGE		36,677	1.467%
23	Oklahoma	Oklahoma City	3,485	1.394%	23	Colorado	Denver	35,112	1.404%
24	Pennsylvania	Philadelphia	3,482	1.393%	24	Oklahoma	Oklahoma City	34,848	1.394%
25	Arkansas	Little Rock	3,457	1.383%	25	Pennsylvania	Philadelphia	34,822	1.393%
26	Massachusetts	Boston	3,431	1.373%	26	Arkansas	Little Rock	34,569	1.383%
27	Florida	Jacksonville	3,390	1.356%	27	Massachusetts	Boston	34,314	1.373%
28	Idaho	Boise	3,290	1.316%	28	Florida	Jacksonville	33,900	1.356%
29	Montana	Billings	3,251	1.301%	29	Idaho	Boise	32,901	1.316%
30	Maryland	Baltimore City	3,232	1.293%	30 MINNESOTA	Minneapolis	32,736	1.309%	
31	Vermont	Burlington	3,117	1.247%	31	Montana	Billings	32,513	1.301%
32	District of Columbia	Washington	3,073	1.229%	32	Maryland	Baltimore City	32,323	1.293%
33	Alaska	Anchorage	3,070	1.228%	33	Vermont	Burlington	31,172	1.247%
34	Oregon	Portland	2,947	1.179%	34	Alaska	Anchorage	30,695	1.228%
35	Wisconsin	Milwaukee	2,884	1.154%	35	Oregon	Portland	29,466	1.179%
36	Utah	Salt Lake City	2,836	1.134%	36	Wisconsin	Milwaukee	28,840	1.154%
37	Alabama	Birmingham	2,630	1.052%	37	Utah	Salt Lake City	28,356	1.134%
38 MINNESOTA	Minneapolis		2,578	1.031%	38	Alabama	Birmingham	26,299	1.052%
39	Illinois	Aurora	2,550	1.020%	39	Illinois	Aurora	25,501	1.020%
40	New Mexico	Albuquerque	2,408	0.963%	40	New Mexico	Albuquerque	24,079	0.963%
41	North Dakota	Fargo	2,210	0.884%	41	North Dakota	Fargo	22,096	0.884%
42	California	Los Angeles	2,196	0.879%	42	California	Los Angeles	21,963	0.879%
43	North Carolina	Charlotte	2,186	0.875%	43	North Carolina	Charlotte	21,863	0.875%
44	Nevada	Las Vegas	2,185	0.874%	44	Nevada	Las Vegas	21,847	0.874%
45	New Jersey	Newark	2,171	0.869%	45	New Jersey	Newark	21,714	0.869%
46	Washington	Seattle	1,836	0.734%	46	Washington	Seattle	18,362	0.734%
47	Kentucky	Louisville	1,820	0.728%	47	Kentucky	Louisville	18,196	0.728%
48	South Dakota	Sioux Falls	1,724	0.690%	48	South Dakota	Sioux Falls	17,239	0.690%
49	New Hampshire	Manchester	1,594	0.638%	49	New Hampshire	Manchester	15,942	0.638%
50	Wyoming	Cheyenne	1,538	0.615%	50	Wyoming	Cheyenne	15,379	0.615%
51	Virginia	Virginia Beach	1,274	0.510%	51	Virginia	Virginia Beach	12,738	0.510%
52	Hawaii	Honolulu	1,082	0.433%	52	Hawaii	Honolulu	10,821	0.433%
53	Delaware	Wilmington	1,030	0.412%	53	Delaware	Wilmington	10,300	0.412%

V. Ranking Tables – Urban

**Table 38 (cont'd.): Urban Industrial Property Taxes (60% Personal Property)
Payable 2005**

\$25 MILLION-VALUED PROPERTY

\$18,750,000 Machinery and Equipment

\$15,000,000 Inventories

\$3,750,000 Fixtures

Rank	State	City	Net Tax	ETR
1	Michigan	Detroit	\$1,955,313	3.129%
2	Texas	Houston	1,916,343	3.066%
3	South Carolina	Columbia	1,832,906	2.933%
4	Arizona	Phoenix	1,673,701	2.678%
5	Mississippi	Jackson	1,603,988	2.566%
6	Louisiana	New Orleans	1,563,405	2.501%
7	Indiana	Indianapolis	1,410,521	2.257%
8	Kansas	Wichita	1,323,085	2.117%
9	Ohio	Columbus	1,311,253	2.098%
10	Missouri	Kansas City	1,311,166	2.098%
11	Tennessee	Memphis	1,251,761	2.003%
12	District of Columbia	Washington	1,191,575	1.907%
13	Connecticut	Bridgeport	1,189,440	1.903%
14	New York	New York City	1,160,278	1.856%
15	New York	Buffalo	1,099,823	1.760%
16	Rhode Island	Providence	1,097,506	1.756%
17	Maine	Portland	1,074,465	1.719%
18	West Virginia	Charleston	1,048,772	1.678%
19	Iowa	Des Moines	1,030,896	1.649%
20	Nebraska	Omaha	1,003,504	1.606%
21	Illinois	Chicago	977,803	1.564%
22	Georgia	Atlanta	949,976	1.520%
	AVERAGE		920,370	1.473%
23	Colorado	Denver	877,799	1.404%
24	Oklahoma	Oklahoma City	871,200	1.394%
25	Pennsylvania	Philadelphia	870,540	1.393%
26	Arkansas	Little Rock	864,225	1.383%
27	Massachusetts	Boston	857,850	1.373%
28	MINNESOTA	Minneapolis	847,834	1.357%
29	Florida	Jacksonville	847,489	1.356%
30	Idaho	Boise	822,524	1.316%
31	Montana	Billings	812,829	1.301%
32	Maryland	Baltimore City	808,075	1.293%
33	Vermont	Burlington	779,307	1.247%
34	Alaska	Anchorage	767,378	1.228%
35	Oregon	Portland	736,654	1.179%
36	Wisconsin	Milwaukee	720,998	1.154%
37	Utah	Salt Lake City	708,890	1.134%
38	Alabama	Birmingham	657,470	1.052%
39	Illinois	Aurora	637,525	1.020%
40	New Mexico	Albuquerque	601,984	0.963%
41	North Dakota	Fargo	552,403	0.884%
42	California	Los Angeles	549,084	0.879%
43	North Carolina	Charlotte	546,577	0.875%
44	Nevada	Las Vegas	546,183	0.874%
45	New Jersey	Newark	542,858	0.869%
46	Washington	Seattle	459,059	0.734%
47	Kentucky	Louisville	454,910	0.728%
48	South Dakota	Sioux Falls	430,971	0.690%
49	New Hampshire	Manchester	398,558	0.638%
50	Wyoming	Cheyenne	384,469	0.615%
51	Virginia	Virginia Beach	318,443	0.510%
52	Hawaii	Honolulu	270,521	0.433%
53	Delaware	Wilmington	257,494	0.412%

**Table 39: Urban Apartment Property Taxes
Payable 2005**

<u>\$600,000 VALUED PROPERTY</u>				
\$30,000 Fixtures				
Rank	State	City	Net Tax	ETR
1	New York	Buffalo	\$26,396	4.190%
2	New York	New York City	26,151	4.151%
3	Michigan	Detroit	25,812	4.097%
4	Iowa	Des Moines	24,741	3.927%
5	Rhode Island	Providence	22,952	3.643%
6	Tennessee	Memphis	18,608	2.954%
7	Texas	Houston	16,861	2.676%
8	Mississippi	Jackson	16,162	2.565%
9	Maryland	Baltimore City	15,932	2.529%
10	Wisconsin	Milwaukee	15,799	2.508%
11	Illinois	Chicago	15,684	2.489%
12	Illinois	Aurora	15,301	2.429%
13	Indiana	Indianapolis	14,177	2.250%
14	Connecticut	Bridgeport	14,152	2.246%
15	South Carolina	Columbia	13,991	2.221%
16	Pennsylvania	Philadelphia	13,401	2.127%
17	North Dakota	Fargo	13,258	2.104%
18	Nebraska	Omaha	13,130	2.084%
19	New Jersey	Newark	13,029	2.068%
20	Maine	Portland	12,257	1.946%
21	Vermont	Burlington	11,857	1.882%
	AVERAGE		11,470	1.821%
22	Florida	Jacksonville	11,245	1.785%
23	Louisiana	New Orleans	11,048	1.754%
24	Ohio	Columbus	10,922	1.734%
25	Idaho	Boise	10,741	1.705%
26	South Dakota	Sioux Falls	10,343	1.642%
27	West Virginia	Charleston	10,204	1.620%
28	MINNESOTA	Minneapolis	9,950	1.579%
29	Alaska	Anchorage	9,773	1.551%
30	Georgia	Atlanta	9,621	1.527%
31	New Hampshire	Manchester	9,565	1.518%
32	Missouri	Kansas City	9,513	1.510%
33	Arkansas	Little Rock	8,735	1.387%
34	Alabama	Birmingham	8,690	1.379%
35	Kansas	Wichita	8,221	1.305%
36	Oregon	Portland	7,997	1.269%
37	Arizona	Phoenix	7,828	1.243%
38	Oklahoma	Okalahoma City	7,645	1.213%
39	California	Los Angeles	7,283	1.156%
40	Nevada	Las Vegas	7,119	1.130%
41	North Carolina	Charlotte	7,117	1.130%
42	Massachusetts	Boston	6,839	1.086%
43	Montana	Billings	6,830	1.084%
44	Kentucky	Louisville	6,728	1.068%
45	New Mexico	Albuquerque	6,535	1.037%
46	Delaware	Wilmington	6,180	0.981%
47	Washington	Seattle	6,127	0.973%
48	District of Columbia	Washington	5,334	0.847%
49	Virginia	Virginia Beach	5,270	0.836%
50	Utah	Salt Lake City	5,110	0.811%
51	Wyoming	Cheyenne	3,976	0.631%
52	Colorado	Denver	3,605	0.572%
53	Hawaii	Honolulu	2,141	0.340%

V. Ranking Tables – Urban

VI. Rankings Tables – Largest 50 U.S. Cities

Table 40: Top 50 Homestead Property Taxes

Payable 2005

<u>\$150,000 PROPERTY</u>					<u>\$300,000 VALUED PROPERTY</u>				
Rank	State	City	Net Tax	ETR	Rank	State	City	Net Tax	ETR
1	Michigan	Detroit	\$4,850	3.234%	1	Michigan	Detroit	\$9,701	3.234%
2	Texas	El Paso	4,381	2.921%	2	Texas	El Paso	9,035	3.012%
3	Texas	Fort Worth	4,240	2.826%	3	Texas	Fort Worth	8,727	2.909%
4	Texas	San Antonio	4,218	2.812%	4	Texas	San Antonio	8,695	2.898%
5	Texas	Arlington	4,172	2.781%	5	Texas	Arlington	8,605	2.868%
6	Wisconsin	Milwaukee	3,669	2.446%	6	Texas	Austin	7,530	2.510%
7	Texas	Austin	3,641	2.427%	7	Wisconsin	Milwaukee	7,431	2.477%
8	Texas	Dallas	3,554	2.369%	8	Texas	Dallas	7,336	2.445%
9	Texas	Houston	3,512	2.341%	9	Texas	Houston	7,217	2.406%
10	Maryland	Baltimore	3,440	2.294%	10	Maryland	Baltimore	6,881	2.294%
11	Pennsylvania	Philadelphia	3,350	2.234%	11	Pennsylvania	Philadelphia	6,701	2.234%
12	Nebraska	Omaha	3,094	2.062%	12	Florida	Miami	6,600	2.200%
13	Florida	Miami	2,994	1.996%	13	Nebraska	Omaha	6,187	2.062%
14	Tennessee	Memphis	2,802	1.868%	14	Tennessee	Memphis	5,605	1.868%
15	Ohio	Cleveland	2,628	1.752%	15	Ohio	Cleveland	5,256	1.752%
16	Indiana	Indianapolis	2,235	1.490%	16	Indiana	Indianapolis	5,191	1.730%
17	Florida	Jacksonville	2,232	1.488%	17	Florida	Jacksonville	4,909	1.636%
18	Ohio	Columbus	2,227	1.485%	18	Illinois	Chicago	4,534	1.511%
19	Missouri	Kansas City	2,180	1.454%		AVERAGE		4,508	1.503%
	AVERAGE		2,162	1.442%	19	Ohio	Columbus	4,455	1.485%
20	Illinois	Chicago	2,110	1.407%	20	Missouri	Kansas City	4,361	1.454%
21	California	Oakland	1,892	1.261%	21	Georgia	Atlanta	3,953	1.318%
22	Oregon	Portland	1,857	1.238%		22 MINNESOTA	Minneapolis	3,952	1.317%
23	Oklahoma	Tulsa	1,825	1.216%	23	Louisiana	New Orleans	3,933	1.311%
24	Arizona	Tucson	1,810	1.207%	24	California	Oakland	3,876	1.292%
25 MINNESOTA	Minneapolis		1,790	1.193%	25	Oklahoma	Tulsa	3,767	1.256%
26	Tennessee	Nashville	1,759	1.173%	26	Oregon	Portland	3,713	1.238%
27	Nevada	Las Vegas	1,698	1.132%	27	Arizona	Tucson	3,620	1.207%
28	Kentucky	Louisville	1,697	1.132%	28	Tennessee	Nashville	3,518	1.173%
29	North Carolina	Charlotte	1,691	1.127%	29	Oklahoma	Oklahoma City	3,485	1.162%
30	Oklahoma	Oklahoma City	1,688	1.125%	30	California	Fresno	3,451	1.150%
31	California	Fresno	1,684	1.123%	31	California	San Jose	3,402	1.134%
32	Georgia	Atlanta	1,674	1.116%	32	Nevada	Las Vegas	3,396	1.132%
33	California	San Jose	1,660	1.107%	33	Kentucky	Louisville	3,395	1.132%
34	California	Los Angeles	1,653	1.102%	34	California	Los Angeles	3,387	1.129%
35	California	San Francisco	1,630	1.087%	35	North Carolina	Charlotte	3,382	1.127%
36	California	Sacramento	1,604	1.069%	36	California	San Francisco	3,340	1.113%
37	California	San Diego	1,591	1.061%	37	California	Sacramento	3,287	1.096%
38	Arizona	Phoenix	1,561	1.041%	38	California	San Diego	3,260	1.087%
39	California	Long Beach	1,523	1.016%	39	Arizona	Phoenix	3,122	1.041%
40	Washington	Seattle	1,460	0.973%	40	California	Long Beach	3,122	1.041%
41	New Mexico	Albuquerque	1,451	0.967%	41	New Mexico	Albuquerque	2,979	0.993%
42	Louisiana	New Orleans	1,363	0.909%	42	Washington	Seattle	2,920	0.973%
43	Virginia	Virginia Beach	1,265	0.844%	43	Virginia	Virginia Beach	2,531	0.844%
44	District of Columbia	Washington	1,003	0.669%	44	District of Columbia	Washington	2,371	0.790%
45	Arizona	Mesa	935	0.623%	45	Arizona	Mesa	1,869	0.623%
46	Colorado	Denver	769	0.513%	46	New York	New York City	1,782	0.594%
47	Colorado	Colorado Springs	693	0.462%	47	Massachusetts	Boston	1,706	0.569%
48	New York	New York City	691	0.461%	48	Colorado	Denver	1,538	0.513%
49	Hawaii	Honolulu	434	0.289%	49	Colorado	Colorado Springs	1,385	0.462%
50	Massachusetts	Boston	242	0.161%	50	Hawaii	Honolulu	1,018	0.339%

Table 41: Top 50 Homestead Property Taxes for a Median-Value Home – Listed by Net Tax Payable 2005

State	City	2005 2nd Quarter Median Sales Price*	Net Tax	Tax Rank	Effective Tax Rate	Rate Rank
California	Oakland	726,900	9,524	1	1.310%	21
Florida	Miami	371,600	8,321	2	2.239%	11
California	San Francisco	726,900	8,207	3	1.129%	33
California	San Diego	605,600	6,659	4	1.100%	37
Maryland	Baltimore	264,700	6,071	5	2.294%	10
California	San Jose	490,490**	5,614	6	1.145%	29
Michigan	Detroit	169,200	5,471	7	3.234%	1
California	Los Angeles	474,800	5,408	8	1.139%	30
Wisconsin	Milwaukee	216,800	5,344	9	2.465%	6
California	Long Beach	474,800	4,984	10	1.050%	38
Pennsylvania	Philadelphia	211,000	4,713	11	2.234%	12
Texas	Fort Worth	149,100	4,213	12	2.825%	3
California	Sacramento	377,400	4,155	13	1.101%	36
Texas	Arlington	149,100	4,145	14	2.780%	5
Texas	Austin	166,800	4,076	15	2.444%	7
Illinois	Chicago	265,400	3,975	16	1.498%	17
Texas	San Antonio	134,000	3,741	17	2.792%	4
District of Columbia	Washington	429,200	3,550	18	0.827%	44
California	Fresno	307,500	3,540	19	1.151%	28
Texas	Dallas	149,100	3,532	20	2.369%	8
Nevada	Las Vegas	300,100	3,397	21	1.132%	31
Texas	Houston	142,500	3,326	22	2.334%	9
Texas	El Paso	108,900	3,106	23	2.852%	2
MINNESOTA	Minneapolis	237,700	3,054	24	1.285%	22
Washington	Seattle	310,300	3,020	25	0.973%	41
Oregon	Portland	238,000	2,946	26	1.238%	23
New York	New York City	452,700	2,893	27	0.639%	46
Massachusetts	Boston	418,500	2,863	28	0.684%	45
Nebraska	Omaha	137,300	2,832	29	2.062%	13
Tennessee	Memphis	150,100	2,804	30	1.868%	14
Arizona	Tucson	228,500	2,757	31	1.207%	24
Ohio	Cleveland	146,700	2,570	32	1.752%	15
Arizona	Phoenix	243,400	2,533	33	1.041%	39
Florida	Jacksonville	166,600	2,528	34	1.517%	16
Ohio	Columbus	155,900	2,315	35	1.485%	18
Missouri	Kansas City	157,100	2,284	36	1.454%	19
Hawaii	Honolulu	577,800	2,100	37	0.364%	50
North Carolina	Charlotte	179,600	2,025	38	1.127%	34
Georgia	Atlanta	166,500	1,924	39	1.156%	27
Tennessee	Nashville	159,700	1,872	40	1.173%	26
Indiana	Indianapolis	124,600	1,735	41	1.392%	20
New Mexico	Albuquerque	171,700	1,672	42	0.974%	40
Virginia	Virginia Beach	192,000	1,620	43	0.844%	43
Kentucky	Louisville	136,800	1,548	44	1.132%	32
Arizona	Mesa	243,400	1,517	45	0.623%	47
Louisiana	New Orleans	152,600	1,408	46	0.923%	42
Oklahoma	Tulsa	117,400	1,403	47	1.195%	25
Oklahoma	Oklahoma City	115,700	1,277	48	1.104%	35
Colorado	Denver	248,400	1,273	49	0.513%	48
Colorado	Colorado Springs	207,300	957	50	0.462%	49
AVERAGE		264,964	\$3,388		1.473%	

Median Sales Price Sources: National Association of REALTORS (www.realtor.org) and Homegain.com (marked with **).
Calculations by the Minnesota Taxpayers Association.

*Before calculating the tax, the median value was adjusted for differences in assessment practices using the area's reported median sales ratio.

V. Ranking Tables – Urban

Table 42: Top 50 Commercial Property Taxes
Payable 2005

<u>\$100,000 VALUED PROPERTY</u>				<u>\$1 MILLION-VALUED PROPERTY</u>					
\$20,000 Fixtures				\$200,000 Fixtures					
Rank	State	City	Net Tax	ETR	Rank	State	City	Net Tax	ETR
1	New York	New York City	\$4,641	3.868%	1	New York	New York City	\$46,411	3.868%
2	Michigan	Detroit	4,612	3.843%	2	Michigan	Detroit	46,117	3.843%
3	Illinois	Chicago	3,732	3.110%	3	Arizona	Phoenix	38,048	3.171%
4	Texas	El Paso	3,645	3.037%	4	Illinois	Chicago	37,317	3.110%
5	Massachusetts	Boston	3,562	2.968%	5	Texas	El Paso	36,448	3.037%
6	Maryland	Baltimore	3,521	2.934%	6	Massachusetts	Boston	35,621	2.968%
7	Pennsylvania	Philadelphia	3,482	2.902%	7	Maryland	Baltimore	35,208	2.934%
8	Tennessee	Memphis	3,438	2.865%	8	Pennsylvania	Philadelphia	34,822	2.902%
9	Missouri	Kansas City	3,399	2.833%	9	Tennessee	Memphis	34,377	2.865%
10	Texas	Dallas	3,391	2.826%	10	Missouri	Kansas City	33,993	2.833%
11	Texas	Houston	3,350	2.791%	11	Texas	Dallas	33,915	2.826%
12	Texas	Fort Worth	3,305	2.754%	12	Arizona	Tucson	33,676	2.806%
13	Texas	Arlington	3,300	2.750%	13	Texas	Houston	33,496	2.791%
14	Arizona	Phoenix	3,254	2.712%	14	Texas	Fort Worth	33,052	2.754%
15	Texas	San Antonio	3,209	2.674%	15	Texas	Arlington	33,002	2.750%
16	Texas	Austin	3,067	2.555%	16 MINNESOTA	Minneapolis	32,736	2.728%	
17	Wisconsin	Milwaukee	3,009	2.508%	17	Texas	San Antonio	32,088	2.674%
18	Indiana	Indianapolis	2,959	2.466%	18	Texas	Austin	30,665	2.555%
19	Louisiana	New Orleans	2,913	2.428%	19	Wisconsin	Milwaukee	30,094	2.508%
20	Florida	Miami	2,893	2.411%	20	Indiana	Indianapolis	29,591	2.466%
21	Arizona	Tucson	2,759	2.299%	21	Louisiana	New Orleans	29,135	2.428%
22 MINNESOTA	Minneapolis	2,578	2.149%	22	Florida	Miami	28,929	2.411%	
23	Nebraska	Omaha	2,510	2.092%	23	Ohio	Cleveland	27,996	2.333%
24	Ohio	Cleveland	2,430	2.025%	24	Nebraska	Omaha	25,105	2.092%
AVERAGE		2,388	1.990%	AVERAGE		24,494	2.041%		
25	Colorado	Denver	2,166	1.805%	25	District of Columbia	Washington	22,231	1.853%
26	Tennessee	Nashville	2,157	1.798%	26	Arizona	Mesa	21,737	1.811%
27	Florida	Jacksonville	2,142	1.785%	27	Colorado	Denver	21,665	1.805%
28	Colorado	Colorado Springs	2,027	1.689%	28	Tennessee	Nashville	21,574	1.798%
29	Georgia	Atlanta	1,855	1.546%	29	Florida	Jacksonville	21,417	1.785%
30	Ohio	Columbus	1,820	1.517%	30	Colorado	Colorado Springs	20,272	1.689%
31	Arizona	Mesa	1,819	1.516%	31	Georgia	Atlanta	18,555	1.546%
32	District of Columbia	Washington	1,713	1.428%	32	Ohio	Columbus	18,203	1.517%
33	Oregon	Portland	1,618	1.348%	33	Oregon	Portland	16,176	1.348%
34	California	Oakland	1,587	1.323%	34	California	Oakland	15,875	1.323%
35	Oklahoma	Tulsa	1,530	1.275%	35	Oklahoma	Tulsa	15,304	1.275%
36	Oklahoma	Oklahoma City	1,503	1.252%	36	Oklahoma	Oklahoma City	15,028	1.252%
37	California	Los Angeles	1,445	1.204%	37	California	Los Angeles	14,447	1.204%
38	New Mexico	Albuquerque	1,416	1.180%	38	New Mexico	Albuquerque	14,164	1.180%
39	California	Fresno	1,413	1.178%	39	California	Fresno	14,135	1.178%
40	California	San Jose	1,393	1.161%	40	California	San Jose	13,933	1.161%
41	Kentucky	Louisville	1,393	1.160%	41	Kentucky	Louisville	13,925	1.160%
42	Nevada	Las Vegas	1,376	1.147%	42	Nevada	Las Vegas	13,762	1.147%
43	California	San Francisco	1,368	1.140%	43	California	San Francisco	13,680	1.140%
44	North Carolina	Charlotte	1,363	1.136%	44	North Carolina	Charlotte	13,626	1.136%
45	California	Sacramento	1,346	1.122%	45	California	Sacramento	13,462	1.122%
46	California	San Diego	1,335	1.113%	46	California	San Diego	13,350	1.113%
47	California	Long Beach	1,315	1.096%	47	California	Long Beach	13,154	1.096%
48	Washington	Seattle	1,165	0.971%	48	Washington	Seattle	11,650	0.971%
49	Virginia	Virginia Beach	1,100	0.917%	49	Virginia	Virginia Beach	11,003	0.917%
50	Hawaii	Honolulu	1,054	0.878%	50	Hawaii	Honolulu	10,539	0.878%

Table 42 (cont'd.): Top 50 Commercial Property Taxes Payable 2005

\$25 MILLION-VALUED PROPERTY

\$5,000,000 Fixtures

Rank	State	City	Net Tax	ETR
1	New York	New York City	\$1,160,278	3.868%
2	Michigan	Detroit	1,152,916	3.843%
3	Arizona	Phoenix	1,002,974	3.343%
4	Illinois	Chicago	932,916	3.110%
5	Texas	El Paso	911,212	3.037%
6	Arizona	Tucson	899,076	2.997%
7	Massachusetts	Boston	890,530	2.968%
8	Maryland	Baltimore	880,200	2.934%
9	Pennsylvania	Philadelphia	870,540	2.902%
10	Tennessee	Memphis	859,418	2.865%
11	Missouri	Kansas City	849,814	2.833%
12	Texas	Dallas	847,864	2.826%
13	MINNESOTA	Minneapolis	847,834	2.826%
14	Texas	Houston	837,411	2.791%
15	Texas	Fort Worth	826,303	2.754%
16	Texas	Arlington	825,058	2.750%
17	Texas	San Antonio	802,197	2.674%
18	Texas	Austin	766,637	2.555%
19	Wisconsin	Milwaukee	752,346	2.508%
20	Indiana	Indianapolis	739,771	2.466%
21	Louisiana	New Orleans	728,366	2.428%
22	Florida	Miami	723,224	2.411%
23	Ohio	Cleveland	722,057	2.407%
24	Nebraska	Omaha	627,619	2.092%
	AVERAGE		617,047	2.057%
25	District of Columbia	Washington	596,575	1.989%
26	Arizona	Mesa	576,769	1.923%
27	Colorado	Denver	541,621	1.805%
28	Tennessee	Nashville	539,350	1.798%
29	Florida	Jacksonville	535,420	1.785%
30	Colorado	Colorado Springs	506,797	1.689%
31	Georgia	Atlanta	463,873	1.546%
32	Ohio	Columbus	455,078	1.517%
33	Oregon	Portland	404,389	1.348%
34	California	Oakland	396,870	1.323%
35	Oklahoma	Tulsa	382,590	1.275%
36	Oklahoma	Oklahoma City	375,705	1.252%
37	California	Los Angeles	361,168	1.204%
38	New Mexico	Albuquerque	354,108	1.180%
39	California	Fresno	353,368	1.178%
40	California	San Jose	348,330	1.161%
41	Kentucky	Louisville	348,132	1.160%
42	Nevada	Las Vegas	344,046	1.147%
43	California	San Francisco	342,000	1.140%
44	North Carolina	Charlotte	340,655	1.136%
45	California	Sacramento	336,540	1.122%
46	California	San Diego	333,750	1.113%
47	California	Long Beach	328,841	1.096%
48	Washington	Seattle	291,249	0.971%
49	Virginia	Virginia Beach	275,068	0.917%
50	Hawaii	Honolulu	263,471	0.878%

V. Ranking Tables – Urban

**Table 43: Top 50 Industrial Property Taxes (50% Personal Property)
Payable 2005**

\$100,000 VALUED PROPERTY
\$50,000 Machinery and Equipment
\$40,000 Inventories
\$10,000 Fixtures

\$1 MILLION-VALUED PROPERTY
\$500,000 Machinery and Equipment
\$400,000 Inventories
\$100,000 Fixtures

Rank	State	City	Net Tax	ETR	Rank	State	City	Net Tax	ETR
1	Michigan	Detroit	\$6,549	3.274%	1	Michigan	Detroit	\$65,490	3.274%
2	Texas	Fort Worth	6,333	3.166%	2	Texas	Fort Worth	63,326	3.166%
3	Texas	El Paso	6,245	3.122%	3	Texas	El Paso	62,448	3.122%
4	Texas	Houston	6,132	3.066%	4	Texas	Houston	61,323	3.066%
5	Texas	Arlington	6,081	3.041%	5	Texas	Arlington	60,815	3.041%
6	Texas	San Antonio	5,994	2.997%	6	Texas	San Antonio	59,941	2.997%
7	Texas	Dallas	5,970	2.985%	7	Texas	Dallas	59,697	2.985%
8	Texas	Austin	5,485	2.742%	8	Texas	Austin	54,846	2.742%
9	Louisiana	New Orleans	4,969	2.484%	9	Arizona	Phoenix	53,378	2.669%
10	New York	New York City	4,641	2.321%	10	Ohio	Cleveland	50,853	2.543%
11	Indiana	Indianapolis	4,549	2.275%	11	Arizona	Tucson	50,605	2.530%
12	Missouri	Kansas City	4,454	2.227%	12	Louisiana	New Orleans	49,689	2.484%
13	Tennessee	Memphis	4,334	2.167%	13	New York	New York City	46,411	2.321%
14	Ohio	Cleveland	4,162	2.081%	14	Indiana	Indianapolis	45,490	2.275%
15	Illinois	Chicago	3,911	1.956%	15	Missouri	Kansas City	44,538	2.227%
16	Florida	Miami	3,871	1.936%	16	Tennessee	Memphis	43,345	2.167%
17	Pennsylvania	Philadelphia	3,482	1.741%	17	Ohio	Columbus	40,509	2.025%
18	Arizona	Phoenix	3,396	1.698%	18	Illinois	Chicago	39,112	1.956%
19	Nebraska	Omaha	3,370	1.685%	19	Florida	Miami	38,711	1.936%
20	Massachusetts	Boston	3,268	1.634%	20	District of Columbia	Washington	35,831	1.792%
	AVERAGE		3,264	1.632%	21	Pennsylvania	Philadelphia	34,822	1.741%
21	Ohio	Columbus	3,228	1.614%		AVERAGE		34,503	1.725%
22	Georgia	Atlanta	3,040	1.520%	22	Nebraska	Omaha	33,696	1.685%
23	Colorado	Denver	2,951	1.475%	23 MINNESOTA	Minneapolis	32,736	1.637%	
24	Maryland	Baltimore	2,944	1.472%	24	Massachusetts	Boston	32,680	1.634%
25	Arizona	Tucson	2,916	1.458%	25	Arizona	Mesa	31,609	1.580%
26	Florida	Jacksonville	2,855	1.427%	26	Georgia	Atlanta	30,398	1.520%
27	Wisconsin	Milwaukee	2,759	1.379%	27	Colorado	Denver	29,509	1.475%
28	Oklahoma	Oklahoma City	2,723	1.361%	28	Maryland	Baltimore	29,438	1.472%
29	Tennessee	Nashville	2,720	1.360%	29	Florida	Jacksonville	28,550	1.427%
30	Colorado	Colorado Springs	2,717	1.359%	30	Wisconsin	Milwaukee	27,586	1.379%
31 MINNESOTA	Minneapolis		2,578	1.289%	31	Oklahoma	Oklahoma City	27,225	1.361%
32	Oklahoma	Tulsa	2,472	1.236%	32	Tennessee	Nashville	27,202	1.360%
33	Oregon	Portland	2,377	1.189%	33	Colorado	Colorado Springs	27,173	1.359%
34	California	Oakland	2,117	1.058%	34	Oklahoma	Tulsa	24,721	1.236%
35	District of Columbia	Washington	2,053	1.027%	35	Oregon	Portland	23,770	1.189%
36	New Mexico	Albuquerque	1,983	0.992%	36	California	Oakland	21,166	1.058%
37	Arizona	Mesa	1,910	0.955%	37	New Mexico	Albuquerque	19,830	0.992%
38	California	Fresno	1,885	0.942%	38	California	Fresno	18,846	0.942%
39	California	San Jose	1,858	0.929%	39	California	San Jose	18,578	0.929%
40	California	Los Angeles	1,850	0.925%	40	California	Los Angeles	18,495	0.925%
41	Nevada	Las Vegas	1,838	0.919%	41	Nevada	Las Vegas	18,382	0.919%
42	North Carolina	Charlotte	1,833	0.917%	42	North Carolina	Charlotte	18,333	0.917%
43	California	San Francisco	1,824	0.912%	43	California	San Francisco	18,240	0.912%
44	California	Sacramento	1,792	0.896%	44	California	Sacramento	17,921	0.896%
45	California	San Diego	1,780	0.890%	45	California	San Diego	17,800	0.890%
46	California	Long Beach	1,705	0.852%	46	California	Long Beach	17,046	0.852%
47	Kentucky	Louisville	1,557	0.778%	47	Kentucky	Louisville	15,568	0.778%
48	Washington	Seattle	1,549	0.774%	48	Washington	Seattle	15,486	0.774%
49	Virginia	Virginia Beach	1,117	0.559%	49	Virginia	Virginia Beach	11,173	0.559%
50	Hawaii	Honolulu	1,082	0.541%	50	Hawaii	Honolulu	10,821	0.541%

Table 43 (cont'd.): Top 50 Industrial Property Taxes (50% Personal Property)

Payable 2005				
<u>\$25 MILLION-VALUED PROPERTY</u>				
\$12,500,000 Machinery and Equipment				
\$10,000,000 Inventories				
\$2,500,000 Fixtures				
Rank	State	City	Net Tax	ETR
1	Michigan	Detroit	\$1,637,238	3.274%
2	Texas	Fort Worth	1,583,139	3.166%
3	Texas	El Paso	1,561,204	3.122%
4	Texas	Houston	1,533,075	3.066%
5	Texas	Arlington	1,520,369	3.041%
6	Texas	San Antonio	1,498,537	2.997%
7	Texas	Dallas	1,492,430	2.985%
8	Arizona	Phoenix	1,386,247	2.772%
9	Texas	Austin	1,371,150	2.742%
10	Arizona	Tucson	1,322,296	2.645%
11	Ohio	Cleveland	1,295,946	2.592%
12	Louisiana	New Orleans	1,242,236	2.484%
13	New York	New York City	1,160,278	2.321%
14	Indiana	Indianapolis	1,137,253	2.275%
15	Missouri	Kansas City	1,113,444	2.227%
16	Tennessee	Memphis	1,083,614	2.167%
17	Ohio	Columbus	1,034,678	2.069%
18	Illinois	Chicago	977,803	1.956%
19	Florida	Miami	967,763	1.936%
20	District of Columbia	Washington	936,575	1.873%
21	Pennsylvania	Philadelphia	870,540	1.741%
	AVERAGE		867,761	1.736%
22	MINNESOTA	Minneapolis	847,834	1.696%
23	Nebraska	Omaha	842,410	1.685%
24	Arizona	Mesa	823,581	1.647%
25	Massachusetts	Boston	817,000	1.634%
26	Georgia	Atlanta	759,949	1.520%
27	Colorado	Denver	737,725	1.475%
28	Maryland	Baltimore	735,950	1.472%
29	Florida	Jacksonville	713,745	1.427%
30	Wisconsin	Milwaukee	689,651	1.379%
31	Oklahoma	Oklahoma City	680,625	1.361%
32	Tennessee	Nashville	680,050	1.360%
33	Colorado	Colorado Springs	679,324	1.359%
34	Oklahoma	Tulsa	618,030	1.236%
35	Oregon	Portland	594,255	1.189%
36	California	Oakland	529,160	1.058%
37	New Mexico	Albuquerque	495,752	0.992%
38	California	Fresno	471,157	0.942%
39	California	San Jose	464,440	0.929%
40	California	Los Angeles	462,387	0.925%
41	Nevada	Las Vegas	459,553	0.919%
42	North Carolina	Charlotte	458,325	0.917%
43	California	San Francisco	456,000	0.912%
44	California	Sacramento	448,033	0.896%
45	California	San Diego	445,000	0.890%
46	California	Long Beach	426,145	0.852%
47	Kentucky	Louisville	389,189	0.778%
48	Washington	Seattle	387,140	0.774%
49	Virginia	Virginia Beach	279,318	0.559%
50	Hawaii	Honolulu	270,521	0.541%

V. Ranking Tables – Urban

Table 44: Top 50 Industrial Property Taxes (60% Personal Property)

Payable 2005

\$100,000 VALUED PROPERTY

\$75,000 Machinery and Equipment

\$60,000 Inventories

\$15,000 Fixtures

Rank	State	City	Net Tax	ETR
1	Texas	Fort Worth	\$7,916	3.166%
2	Michigan	Detroit	7,821	3.129%
3	Texas	El Paso	7,806	3.122%
4	Texas	Houston	7,665	3.066%
5	Texas	Arlington	7,602	3.041%
6	Texas	San Antonio	7,493	2.997%
7	Texas	Dallas	7,462	2.985%
8	Texas	Austin	6,856	2.742%
9	Louisiana	New Orleans	6,254	2.501%
10	Indiana	Indianapolis	5,642	2.257%
11	Ohio	Cleveland	5,403	2.161%
12	Missouri	Kansas City	5,245	2.098%
13	Tennessee	Memphis	5,007	2.003%
14	New York	New York City	4,641	1.856%
15	Florida	Miami	4,605	1.842%
16	Arizona	Phoenix	4,546	1.818%
17	Ohio	Columbus	4,334	1.734%
18	Arizona	Tucson	4,186	1.674%
19	Nebraska	Omaha	4,014	1.606%
	AVERAGE		3,934	1.573%
20	Illinois	Chicago	3,911	1.564%
21	Georgia	Atlanta	3,800	1.520%
22	Colorado	Denver	3,511	1.404%
23	Oklahoma	Oklahoma City	3,485	1.394%
24	Pennsylvania	Philadelphia	3,482	1.393%
25	Massachusetts	Boston	3,431	1.373%
26	Florida	Jacksonville	3,390	1.356%
27	Colorado	Colorado Springs	3,235	1.294%
28	Maryland	Baltimore	3,232	1.293%
29	Tennessee	Nashville	3,142	1.257%
30	District of Columbia	Washington	3,073	1.229%
31	Oklahoma	Tulsa	3,061	1.224%
32	Oregon	Portland	2,947	1.179%
33	Wisconsin	Milwaukee	2,884	1.154%
34	Arizona	Mesa	2,651	1.060%
35	MINNESOTA	Minneapolis	2,578	1.031%
36	California	Oakland	2,514	1.005%
37	New Mexico	Albuquerque	2,408	0.963%
38	California	Fresno	2,238	0.895%
39	California	San Jose	2,206	0.882%
40	California	Los Angeles	2,196	0.879%
41	North Carolina	Charlotte	2,186	0.875%
42	Nevada	Las Vegas	2,185	0.874%
43	California	San Francisco	2,166	0.866%
44	California	Sacramento	2,127	0.851%
45	California	San Diego	2,114	0.846%
46	California	Long Beach	2,024	0.810%
47	Washington	Seattle	1,836	0.734%
48	Kentucky	Louisville	1,820	0.728%
49	Virginia	Virginia Beach	1,274	0.510%
50	Hawaii	Honolulu	1,082	0.433%

\$1 MILLION-VALUED PROPERTY

\$750,000 Machinery and Equipment

\$600,000 Inventories

\$150,000 Fixtures

Rank	State	City	Net Tax	ETR
1	Texas	Fort Worth	\$79,157	3.166%
2	Michigan	Detroit	78,213	3.129%
3	Texas	El Paso	78,060	3.122%
4	Texas	Houston	76,654	3.066%
5	Texas	Arlington	76,018	3.041%
6	Texas	San Antonio	74,927	2.997%
7	Texas	Dallas	74,622	2.985%
8	Texas	Austin	68,558	2.742%
9	Arizona	Phoenix	64,877	2.595%
10	Arizona	Tucson	63,301	2.532%
11	Ohio	Cleveland	63,267	2.531%
12	Louisiana	New Orleans	62,536	2.501%
13	Indiana	Indianapolis	56,421	2.257%
14	Missouri	Kansas City	52,447	2.098%
15	Ohio	Columbus	51,572	2.063%
16	Tennessee	Memphis	50,070	2.003%
17	New York	New York City	46,411	1.856%
18	Florida	Miami	46,047	1.842%
19	District of Columbia	Washington	46,031	1.841%
	AVERAGE		41,199	1.648%
20	Nebraska	Omaha	40,140	1.606%
21	Illinois	Chicago	39,112	1.564%
22	Arizona	Mesa	39,014	1.561%
23	Georgia	Atlanta	37,999	1.520%
24	Colorado	Denver	35,112	1.404%
25	Oklahoma	Oklahoma City	34,848	1.394%
26	Pennsylvania	Philadelphia	34,822	1.393%
27	Massachusetts	Boston	34,314	1.373%
28	Florida	Jacksonville	33,900	1.356%
29	MINNESOTA	Minneapolis	32,736	1.309%
30	Colorado	Colorado Springs	32,349	1.294%
31	Maryland	Baltimore	32,323	1.293%
32	Tennessee	Nashville	31,423	1.257%
33	Oklahoma	Tulsa	30,607	1.224%
34	Oregon	Portland	29,466	1.179%
35	Wisconsin	Milwaukee	28,840	1.154%
36	California	Oakland	25,135	1.005%
37	New Mexico	Albuquerque	24,079	0.963%
38	California	Fresno	22,380	0.895%
39	California	San Jose	22,061	0.882%
40	California	Los Angeles	21,963	0.879%
41	North Carolina	Charlotte	21,863	0.875%
42	Nevada	Las Vegas	21,847	0.874%
43	California	San Francisco	21,660	0.866%
44	California	Sacramento	21,273	0.851%
45	California	San Diego	21,138	0.846%
46	California	Long Beach	20,242	0.810%
47	Washington	Seattle	18,362	0.734%
48	Kentucky	Louisville	18,196	0.728%
49	Virginia	Virginia Beach	12,738	0.510%
50	Hawaii	Honolulu	10,821	0.433%

Table 44 (cont'd.): Top 50 Industrial Property Taxes (60% Personal Property)

Payable 2005				
<u>\$25 MILLION-VALUED PROPERTY</u>				
\$18,750,000 Machinery and Equipment				
\$15,000,000 Inventories				
\$3,750,000 Fixtures				
Rank	State	City	Net Tax	ETR
1	Texas	Fort Worth	\$1,978,923	3.166%
2	Michigan	Detroit	1,955,313	3.129%
3	Texas	El Paso	1,951,505	3.122%
4	Texas	Houston	1,916,343	3.066%
5	Texas	Arlington	1,900,461	3.041%
6	Texas	San Antonio	1,873,171	2.997%
7	Texas	Dallas	1,865,538	2.985%
8	Texas	Austin	1,713,938	2.742%
9	Arizona	Phoenix	1,673,701	2.678%
10	Arizona	Tucson	1,639,711	2.624%
11	Ohio	Cleveland	1,606,311	2.570%
12	Louisiana	New Orleans	1,563,405	2.501%
13	Indiana	Indianapolis	1,410,521	2.257%
14	Ohio	Columbus	1,311,253	2.098%
15	Missouri	Kansas City	1,311,166	2.098%
16	Tennessee	Memphis	1,251,761	2.003%
17	District of Columbia	Washington	1,191,575	1.907%
18	New York	New York City	1,160,278	1.856%
19	Florida	Miami	1,151,167	1.842%
	AVERAGE		1,035,158	1.656%
20	Arizona	Mesa	1,008,691	1.614%
21	Nebraska	Omaha	1,003,504	1.606%
22	Illinois	Chicago	977,803	1.564%
23	Georgia	Atlanta	949,976	1.520%
24	Colorado	Denver	877,799	1.404%
25	Oklahoma	Oklahoma City	871,200	1.394%
26	Pennsylvania	Philadelphia	870,540	1.393%
27	Massachusetts	Boston	857,850	1.373%
28	MINNESOTA	Minneapolis	847,834	1.357%
29	Florida	Jacksonville	847,489	1.356%
30	Colorado	Colorado Springs	808,719	1.294%
31	Maryland	Baltimore	808,075	1.293%
32	Tennessee	Nashville	785,575	1.257%
33	Oklahoma	Tulsa	765,180	1.224%
34	Oregon	Portland	736,654	1.179%
35	Wisconsin	Milwaukee	720,998	1.154%
36	California	Oakland	628,378	1.005%
37	New Mexico	Albuquerque	601,984	0.963%
38	California	Fresno	559,499	0.895%
39	California	San Jose	551,523	0.882%
40	California	Los Angeles	549,084	0.879%
41	North Carolina	Charlotte	546,577	0.875%
42	Nevada	Las Vegas	546,183	0.874%
43	California	San Francisco	541,500	0.866%
44	California	Sacramento	531,824	0.851%
45	California	San Diego	528,438	0.846%
46	California	Long Beach	506,047	0.810%
47	Washington	Seattle	459,059	0.734%
48	Kentucky	Louisville	454,910	0.728%
49	Virginia	Virginia Beach	318,443	0.510%
50	Hawaii	Honolulu	270,521	0.433%

V. Ranking Tables – Urban

**Table 45: Top 50 Apartment Property Taxes
Payable 2005**

\$600,000 VALUED PROPERTY

\$30,000 Fixtures

Rank	State	City	Net Tax	ETR
1	New York	New York City	\$26,151	4.151%
2	Michigan	Detroit	25,812	4.097%
3	Texas	Fort Worth	18,808	2.985%
4	Tennessee	Memphis	18,608	2.954%
5	Texas	El Paso	18,457	2.930%
6	Texas	Dallas	18,002	2.858%
7	Texas	Arlington	17,184	2.728%
8	Texas	Houston	16,861	2.676%
9	Texas	Austin	16,436	2.609%
10	Texas	San Antonio	16,398	2.603%
11	Maryland	Baltimore	15,932	2.529%
12	Wisconsin	Milwaukee	15,799	2.508%
13	Illinois	Chicago	15,684	2.489%
14	Florida	Miami	15,157	2.406%
15	Ohio	Cleveland	14,581	2.314%
16	Indiana	Indianapolis	14,177	2.250%
17	Pennsylvania	Philadelphia	13,401	2.127%
18	Nebraska	Omaha	13,130	2.084%
19	Tennessee	Nashville	11,678	1.854%
20	Louisiana	New Orleans	11,048	1.754%
21	Ohio	Columbus	10,922	1.734%
		AVERAGE	10,746	1.740%
22	Florida	Jacksonville	10,710	1.700%
23	MINNESOTA	Minneapolis	9,950	1.579%
24	Georgia	Atlanta	9,621	1.527%
25	Missouri	Kansas City	9,513	1.510%
26	Arizona	Tucson	8,938	1.419%
27	California	Oakland	8,334	1.323%
28	Oklahoma	Tulsa	8,123	1.289%
29	Oregon	Portland	7,997	1.269%
30	Arizona	Phoenix	7,828	1.243%
31	Oklahoma	Oklahoma City	7,645	1.213%
32	California	Fresno	7,421	1.178%
33	California	Los Angeles	7,369	1.170%
34	California	San Jose	7,315	1.161%
35	California	San Francisco	7,182	1.140%
36	Nevada	Las Vegas	7,119	1.130%
37	North Carolina	Charlotte	7,117	1.130%
38	California	Sacramento	7,067	1.122%
39	California	San Diego	7,009	1.113%
40	Massachusetts	Boston	6,839	1.086%
41	California	Long Beach	6,767	1.074%
42	Kentucky	Louisville	6,728	1.068%
43	New Mexico	Albuquerque	6,535	1.037%
44	Washington	Seattle	6,127	0.973%
45	District of Columbia	Washington	5,334	0.847%
46	Virginia	Virginia Beach	5,270	0.836%
47	Arizona	Mesa	4,739	0.752%
48	Colorado	Denver	3,605	0.572%
49	Colorado	Colorado Springs	3,288	0.522%
50	Hawaii	Honolulu	2,355	0.374%

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VII. Rankings Tables – Rural

**Table 46: Rural Homestead Property Taxes
Payable 2005**

<u>\$70,000 VALUED PROPERTY</u>				<u>\$150,000 VALUED PROPERTY</u>						
<u>Rank</u>	<u>State</u>	<u>City</u>	<u>Net Tax</u>	<u>ETR</u>	<u>Rank</u>	<u>State</u>	<u>Net Tax</u>	<u>ETR</u>		
1	Connecticut	Windham	\$2,099	2.999%	1	New York	Plattsburgh	\$4,869	3.246%	
2	New York	Plattsburgh	1,916	2.737%	2	Connecticut	Windham	4,498	2.999%	
3	Wisconsin	Mayville	1,501	2.144%	3	New Jersey	Maurice River Township	3,570	2.380%	
4	North Dakota	Bottineau	1,463	2.090%	4	Illinois	Carlinville	3,406	2.270%	
5	Kansas	Larned	1,460	2.086%	5	Wisconsin	Mayville	3,320	2.213%	
6	New Jersey	Maurice River Township	1,456	2.080%	6	Texas	Fort Stockton	3,256	2.171%	
7	Vermont	Morristown	1,456	2.079%	7	Kansas	Larned	3,182	2.121%	
8	Texas	Fort Stockton	1,392	1.989%	8	North Dakota	Bottineau	3,134	2.090%	
9	Illinois	Carlinville	1,388	1.982%	9	Vermont	Morristown	3,119	2.079%	
10	Nebraska	Mullen	1,335	1.907%	10	Iowa	Hampton	2,894	1.929%	
11	Michigan	Escanaba	1,334	1.905%	11	Nebraska	Mullen	2,861	1.907%	
12	Iowa	Hampton	1,235	1.765%	12	Michigan	Escanaba	2,858	1.905%	
13	Pennsylvania	Williamsport	1,204	1.720%	13	Alaska	Fairbanks	2,665	1.777%	
14	South Dakota	Sisseton	1,184	1.691%	14	Florida	Moore Haven	2,648	1.765%	
15	Alaska	Fairbanks	1,137	1.624%	15	Pennsylvania	Williamsport	2,580	1.720%	
16	Rhode Island	Hopkinton	1,077	1.539%	16	South Dakota	Sisseton	2,537	1.691%	
17	New Hampshire	Auburn	989	1.413%	17	Indiana	North Vernon	2,322	1.548%	
18	Massachusetts	Holliston	976	1.395%	18	Rhode Island	Hopkinton	2,308	1.539%	
19	Florida	Moore Haven	927	1.324%	19	New Hampshire	Auburn	2,120	1.413%	
20	Oregon	Coos Bay	918	1.311%	20	Massachusetts	Holliston	2,092	1.395%	
21	Washington	Rock Island	909	1.299%	AVERAGE					
AVERAGE				872	1.246%	21	Oregon	Coos Bay	1,967	1.311%
22	Ohio	Marion	865	1.236%	22	Georgia	Fitzgerald	1,961	1.307%	
23	Nevada	Fallon	860	1.229%	23	Washington	Rock Island	1,948	1.299%	
24	Maine	Hudson	832	1.188%	24	Mississippi	Tylertown	1,916	1.277%	
25	Maryland	Hampstead	831	1.187%	25	Maine	Hudson	1,914	1.276%	
26	Georgia	Fitzgerald	822	1.174%	26	Ohio	Marion	1,854	1.236%	
27	Missouri	Boonville	770	1.100%	27	Nevada	Fallon	1,844	1.229%	
28	Montana	Dillon	765	1.093%	28	Maryland	Hampstead	1,780	1.187%	
29	Mississippi	Tylertown	750	1.071%	29	MINNESOTA	Glencoe	1,714	1.142%	
30	North Carolina	Asheboro	741	1.059%	30	Missouri	Boonville	1,649	1.100%	
31	Indiana	North Vernon	724	1.034%	31	Montana	Dillon	1,639	1.093%	
32	Kentucky	Lawrenceburg	682	0.974%	32	North Carolina	Asheboro	1,588	1.059%	
33	Virginia	Lynchburg	681	0.973%	33	Idaho	Saint Anthony	1,571	1.047%	
34	Idaho	Saint Anthony	679	0.970%	34	Kentucky	Lawrenceburg	1,461	0.974%	
35	MINNESOTA	Glencoe	666	0.952%	35	Virginia	Lynchburg	1,460	0.973%	
36	California	Red Bluff	632	0.903%	36	California	Red Bluff	1,435	0.957%	
37	Wyoming	Lovell	526	0.751%	37	South Carolina	Mullins	1,266	0.844%	
38	South Carolina	Mullins	520	0.743%	38	Wyoming	Lovell	1,127	0.751%	
39	Arizona	Winslow	518	0.740%	39	Oklahoma	Hollis	1,115	0.743%	
40	Utah	Richfield	491	0.701%	40	Arizona	Winslow	1,111	0.740%	
41	Oklahoma	Hollis	486	0.695%	41	Utah	Richfield	1,052	0.701%	
42	Tennessee	Savannah	438	0.626%	42	New Mexico	Clayton	979	0.653%	
43	New Mexico	Clayton	433	0.618%	43	Tennessee	Savannah	939	0.626%	
44	West Virginia	Parsons	368	0.525%	44	Arkansas	Jonesboro	850	0.566%	
45	Colorado	Walsenburg	334	0.478%	45	Louisiana	Natchitoches	790	0.526%	
46	Delaware	Smyrna	310	0.443%	46	West Virginia	Parsons	788	0.525%	
47	Arkansas	Jonesboro	236	0.338%	47	Colorado	Walsenburg	717	0.478%	
48	Alabama	Millbrook	158	0.225%	48	Delaware	Smyrna	665	0.443%	
49	Hawaii	Kauai	134	0.191%	49	Hawaii	Kauai	491	0.328%	
50	Louisiana	Natchitoches	17	0.024%	50	Alabama	Millbrook	387	0.258%	

VI. Ranking Tables – Rural

**Table 46 (cont'd.): Rural Homestead Property Taxes
Payable 2005**

\$300,000 VALUED PROPERTY			
Rank	State	City	Net Tax ETR
1	New York	Plattsburgh	\$10,406 3.469%
2	Connecticut	Windham	8,996 2.999%
3	New Jersey	Maurice River Township	7,741 2.580%
4	Illinois	Carlinville	7,190 2.397%
5	Texas	Fort Stockton	6,750 2.250%
6	Wisconsin	Mayville	6,731 2.244%
7	Kansas	Larned	6,409 2.136%
8	North Dakota	Bottineau	6,269 2.090%
9	Vermont	Morristown	6,238 2.079%
10	Iowa	Hampton	6,004 2.001%
11	Florida	Moore Haven	5,874 1.958%
12	Nebraska	Mullen	5,721 1.907%
13	Michigan	Escanaba	5,715 1.905%
14	Alaska	Fairbanks	5,530 1.843%
15	Indiana	North Vernon	5,318 1.773%
16	Pennsylvania	Williamsport	5,161 1.720%
17	South Dakota	Sisseton	5,074 1.691%
18	Rhode Island	Hopkinton	4,617 1.539%
19	New Hampshire	Auburn	4,239 1.413%
20	Massachusetts	Holliston	4,185 1.395%
	AVERAGE		4,154 1.385%
21	Mississippi	Tylertown	4,132 1.377%
22	Georgia	Fitzgerald	4,096 1.365%
23	Idaho	Saint Anthony	3,996 1.332%
24	Oregon	Coos Bay	3,933 1.311%
25	Maine	Hudson	3,927 1.309%
26	Washington	Rock Island	3,896 1.299%
27	MINNESOTA	Glencoe	3,800 1.267%
28	Ohio	Marion	3,708 1.236%
29	Nevada	Fallon	3,687 1.229%
30	Maryland	Hampstead	3,560 1.187%
31	Missouri	Boonville	3,299 1.100%
32	Montana	Dillon	3,279 1.093%
33	North Carolina	Asheboro	3,176 1.059%
34	South Carolina	Mullins	2,957 0.986%
35	California	Red Bluff	2,941 0.980%
36	Kentucky	Lawrenceburg	2,921 0.974%
37	Virginia	Lynchburg	2,920 0.973%
38	Oklahoma	Hollis	2,293 0.764%
39	Wyoming	Lovell	2,253 0.751%
40	Louisiana	Natchitoches	2,239 0.746%
41	Arizona	Winslow	2,221 0.740%
42	Utah	Richfield	2,104 0.701%
43	New Mexico	Clayton	2,003 0.668%
44	Arkansas	Jonesboro	1,999 0.666%
45	Tennessee	Savannah	1,878 0.626%
46	West Virginia	Parsons	1,576 0.525%
47	Colorado	Walsenburg	1,433 0.478%
48	Delaware	Smyrna	1,329 0.443%
49	Hawaii	Kauai	1,162 0.387%
50	Alabama	Millbrook	815 0.272%

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Table 47: Rural Commercial Property Taxes
Payable 2005

<u>\$100,000 VALUED PROPERTY</u>				<u>\$1 MILLION-VALUED PROPERTY</u>			
\$20,000 Fixtures				\$200,000 Fixtures			
Rank	State	City	Net Tax ETR	Rank	State	City	Net Tax ETR
1	Kansas	Larned	\$5,728 4.773%	1	Kansas	Larned	\$57,280 4.773%
2	New York	Plattsburgh	3,691 3.076%	2	New York	Plattsburgh	36,913 3.076%
3	Connecticut	Windham	3,599 2.999%	3	Connecticut	Windham	35,986 2.999%
4	Texas	Fort Stockton	3,319 2.766%	4	Texas	Fort Stockton	33,186 2.766%
5	Michigan	Escanaba	3,288 2.740%	5	Michigan	Escanaba	32,884 2.740%
6	Iowa	Hampton	3,103 2.586%	6	Iowa	Hampton	31,029 2.586%
7	South Carolina	Mullins	2,852 2.377%	7 MINNESOTA	Glencoe	30,470	2.539%
8	Wisconsin	Mayville	2,729 2.274%	8	South Carolina	Mullins	28,519 2.377%
9	Indiana	North Vernon	2,725 2.271%	9	Wisconsin	Mayville	27,286 2.274%
10	Florida	Moore Haven	2,614 2.179%	10	Indiana	North Vernon	27,248 2.271%
11	New Jersey	Maurice River Township	2,580 2.150%	11	Florida	Moore Haven	26,142 2.179%
12	Illinois	Carlinville	2,523 2.102%	12	New Jersey	Maurice River Township	25,803 2.150%
13	Mississippi	Tylertown	2,489 2.074%	13	Illinois	Carlinville	25,228 2.102%
14 MINNESOTA	Glencoe	2,403	2.003%	14	Mississippi	Tylertown	24,885 2.074%
15	Vermont	Morristown	2,364 1.970%	15	Vermont	Morristown	23,644 1.970%
16	Nebraska	Mullen	2,296 1.914%	16	Nebraska	Mullen	22,964 1.914%
17	Missouri	Boonville	2,219 1.849%	17	Missouri	Boonville	22,189 1.849%
18	North Dakota	Bottineau	2,211 1.843%	18	North Dakota	Bottineau	22,114 1.843%
19	Arizona	Winslow	2,202 1.835%	19	Arizona	Winslow	22,019 1.835%
20	Idaho	Saint Anthony	2,176 1.814%	20	Idaho	Saint Anthony	21,764 1.814%
21	South Dakota	Sisseton	2,133 1.777%	21	South Dakota	Sisseton	21,328 1.777%
22	Rhode Island	Hopkinton	2,125 1.771%	22	Rhode Island	Hopkinton	21,252 1.771%
23	Montana	Dillon	2,037 1.698%	23	Montana	Dillon	20,375 1.698%
AVERAGE	1,987	1.656%	20,046	AVERAGE	19,102	1.592%	1.671%
24	Alaska	Fairbanks	1,910 1.592%	24	Alaska	Fairbanks	19,102 1.592%
25	Maryland	Hampstead	1,866 1.555%	25	Maryland	Hampstead	18,660 1.555%
26	Louisiana	Natchitoches	1,793 1.494%	26	Louisiana	Natchitoches	17,925 1.494%
27	Colorado	Walsenburg	1,773 1.478%	27	Colorado	Walsenburg	17,735 1.478%
28	Pennsylvania	Williamsport	1,720 1.434%	28	Pennsylvania	Williamsport	17,202 1.434%
29	Georgia	Fitzgerald	1,716 1.430%	29	Georgia	Fitzgerald	17,158 1.430%
30	Massachusetts	Holliston	1,685 1.405%	30	Massachusetts	Holliston	16,855 1.405%
31	Oregon	Coos Bay	1,653 1.377%	31	Oregon	Coos Bay	16,528 1.377%
32	Utah	Richfield	1,594 1.328%	32	Ohio	Marion	15,981 1.332%
33	Maine	Hudson	1,584 1.320%	33	Utah	Richfield	15,941 1.328%
34	Washington	Rock Island	1,573 1.311%	34	Maine	Hudson	15,840 1.320%
35	Nevada	Fallon	1,449 1.208%	35	Washington	Rock Island	15,732 1.311%
36	New Hampshire	Auburn	1,413 1.178%	36	Nevada	Fallon	14,493 1.208%
37	Ohio	Marion	1,367 1.139%	37	New Hampshire	Auburn	14,131 1.178%
38	Kentucky	Lawrenceburg	1,359 1.133%	38	Kentucky	Lawrenceburg	13,592 1.133%
39	North Carolina	Asheboro	1,296 1.080%	39	North Carolina	Asheboro	12,964 1.080%
40	West Virginia	Parsons	1,253 1.044%	40	West Virginia	Parsons	12,533 1.044%
41	California	Red Bluff	1,204 1.004%	41	California	Red Bluff	12,044 1.004%
42	Tennessee	Savannah	1,166 0.972%	42	Tennessee	Savannah	11,664 0.972%
43	Virginia	Lynchburg	1,128 0.940%	43	Virginia	Lynchburg	11,275 0.940%
44	New Mexico	Clayton	928 0.773%	44	New Mexico	Clayton	9,277 0.773%
45	Oklahoma	Hollis	914 0.762%	45	Oklahoma	Hollis	9,144 0.762%
46	Wyoming	Lovell	901 0.751%	46	Wyoming	Lovell	9,013 0.751%
47	Hawaii	Kauai	800 0.667%	47	Hawaii	Kauai	8,000 0.667%
48	Arkansas	Jonesboro	770 0.642%	48	Arkansas	Jonesboro	7,703 0.642%
49	Alabama	Millbrook	688 0.573%	49	Alabama	Millbrook	6,879 0.573%
50	Delaware	Smyrna	443 0.369%	50	Delaware	Smyrna	4,430 0.369%

VI. Ranking Tables – Rural

**Table 47 (cont'd.): Rural Commercial Property Taxes
Payable 2005**

<u>\$25 MILLION-VALUED PROPERTY</u>				
<u>\$5,000,000 Fixtures</u>				
Rank	State	City	Net Tax	ETR
1	Kansas	Larned	\$1,431,990	4.773%
2	New York	Plattsburgh	922,837	3.076%
3	Connecticut	Windham	899,640	2.999%
4	Texas	Fort Stockton	829,650	2.766%
5	Michigan	Escanaba	822,092	2.740%
6	MINNESOTA	Glencoe	789,014	2.630%
7	Iowa	Hampton	775,733	2.586%
8	South Carolina	Mullins	712,973	2.377%
9	Wisconsin	Mayville	682,152	2.274%
10	Indiana	North Vernon	681,203	2.271%
11	Florida	Moore Haven	653,556	2.179%
12	New Jersey	Maurice River Township	645,067	2.150%
13	Illinois	Carlville	630,692	2.102%
14	Mississippi	Tylertown	622,134	2.074%
15	Vermont	Morristown	591,101	1.970%
16	Nebraska	Mullen	574,095	1.914%
17	Missouri	Boonville	554,730	1.849%
18	North Dakota	Bottineau	552,855	1.843%
19	Arizona	Winslow	550,476	1.835%
20	Idaho	Saint Anthony	544,095	1.814%
21	South Dakota	Sisseton	533,205	1.777%
22	Rhode Island	Hopkinton	531,300	1.771%
23	Montana	Dillon	509,369	1.698%
	AVERAGE		501,977	1.673%
24	Alaska	Fairbanks	477,549	1.592%
25	Maryland	Hampstead	466,500	1.555%
26	Louisiana	Natchitoches	448,137	1.494%
27	Colorado	Walsenburg	443,364	1.478%
28	Pennsylvania	WilliamSPORT	430,051	1.434%
29	Georgia	Fitzgerald	428,954	1.430%
30	Massachusetts	Holliston	421,370	1.405%
31	Ohio	Marion	413,390	1.378%
32	Oregon	Coos Bay	413,192	1.377%
33	Utah	Richfield	398,520	1.328%
34	Maine	Hudson	396,000	1.320%
35	Washington	Rock Island	393,303	1.311%
36	Nevada	Fallon	362,314	1.208%
37	New Hampshire	Auburn	353,280	1.178%
38	Kentucky	Lawrenceburg	339,811	1.133%
39	North Carolina	Asheboro	324,104	1.080%
40	West Virginia	Parsons	313,334	1.044%
41	California	Red Bluff	301,110	1.004%
42	Tennessee	Savannah	291,610	0.972%
43	Virginia	Lynchburg	281,886	0.940%
44	New Mexico	Clayton	231,916	0.773%
45	Oklahoma	Hollis	228,600	0.762%
46	Wyoming	Lovell	225,315	0.751%
47	Hawaii	Kauai	200,000	0.667%
48	Arkansas	Jonesboro	192,568	0.642%
49	Alabama	Millbrook	171,970	0.573%
50	Delaware	Smyrna	110,762	0.369%

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**Table 48: Rural Industrial Property Taxes (50% Personal Property)
Payable 2005**

<u>\$100,000 VALUED PROPERTY</u>				<u>\$1 MILLION-VALUED PROPERTY</u>					
\$50,000 Machinery and Equipment				\$500,000 Machinery and Equipment					
\$40,000 Inventories				\$400,000 Inventories					
\$10,000 Fixtures				\$100,000 Fixtures					
Rank	State	City	Net Tax	ETR	Rank	State	City	Net Tax	ETR
1	Kansas	Larned	\$7,637	3.819%	1	Kansas	Larned	\$76,373	3.819%
2	South Carolina	Mullins	6,215	3.108%	2	South Carolina	Mullins	62,155	3.108%
3	Texas	Fort Stockton	5,531	2.766%	3	Texas	Fort Stockton	55,310	2.766%
4	Connecticut	Windham	4,798	2.399%	4	Connecticut	Windham	47,981	2.399%
5	Michigan	Escanaba	4,523	2.262%	5	Michigan	Escanaba	45,232	2.262%
6	Mississippi	Tylertown	4,233	2.116%	6	Mississippi	Tylertown	42,327	2.116%
7	Indiana	North Vernon	3,786	1.893%	7	Indiana	North Vernon	37,860	1.893%
8	New York	Plattsburgh	3,691	1.846%	8	New York	Plattsburgh	36,913	1.846%
9	Florida	Moore Haven	3,540	1.770%	9	Arizona	Winslow	35,608	1.780%
10	Iowa	Hampton	3,103	1.551%	10	Florida	Moore Haven	35,404	1.770%
11	Nebraska	Mullen	3,080	1.540%	11	Iowa	Hampton	31,029	1.551%
12	Louisiana	Natchitoches	3,053	1.526%	12	Nebraska	Mullen	30,799	1.540%
13	Missouri	Boonville	2,973	1.487%	13	Louisiana	Natchitoches	30,525	1.526%
14	Idaho	Saint Anthony	2,859	1.430%	14 MINNESOTA	Glencoe	30,470	1.523%	
15	Montana	Dillon	2,773	1.386%	15	Missouri	Boonville	29,731	1.487%
16	Colorado	Walsenburg	2,590	1.295%	16	Ohio	Marion	29,381	1.469%
17	New Jersey	Maurice River Township	2,580	1.290%	17	Idaho	Saint Anthony	28,594	1.430%
18	Georgia	Fitzgerald	2,562	1.281%	18	Montana	Dillon	27,726	1.386%
AVERAGE			2,542	1.271%	19	Colorado	Walsenburg	25,903	1.295%
19	Illinois	Carlinville	2,523	1.261%	20	New Jersey	Maurice River Township	25,803	1.290%
20	Wisconsin	Mayville	2,501	1.251%	AVERAGE			25,916	1.296%
21 MINNESOTA	Glencoe		2,403	1.202%	21	Georgia	Fitzgerald	25,617	1.281%
22	Vermont	Morristown	2,364	1.182%	22	Illinois	Carlinville	25,228	1.261%
23	Ohio	Marion	2,360	1.180%	23	Wisconsin	Mayville	25,012	1.251%
24	Oregon	Coos Bay	2,336	1.168%	24	Vermont	Morristown	23,644	1.182%
25	Arizona	Winslow	2,294	1.147%	25	Oregon	Coos Bay	23,360	1.168%
26	North Dakota	Bottineau	2,211	1.106%	26	North Dakota	Bottineau	22,114	1.106%
27	West Virginia	Parsons	2,138	1.069%	27	West Virginia	Parsons	21,380	1.069%
28	South Dakota	Sisseton	2,133	1.066%	28	South Dakota	Sisseton	21,328	1.066%
29	Utah	Richfield	2,125	1.063%	29	Utah	Richfield	21,254	1.063%
30	Washington	Rock Island	2,122	1.061%	30	Washington	Rock Island	21,223	1.061%
31	Maine	Hudson	2,112	1.056%	31	Maine	Hudson	21,120	1.056%
32	Rhode Island	Hopkinton	1,948	0.974%	32	Rhode Island	Hopkinton	19,481	0.974%
33	Nevada	Fallon	1,947	0.973%	33	Nevada	Fallon	19,466	0.973%
34	Alaska	Fairbanks	1,910	0.955%	34	Alaska	Fairbanks	19,102	0.955%
35	North Carolina	Asheboro	1,772	0.886%	35	North Carolina	Asheboro	17,718	0.886%
36	Kentucky	Lawrenceburg	1,768	0.884%	36	Kentucky	Lawrenceburg	17,679	0.884%
37	Pennsylvania	Williamsport	1,720	0.860%	37	Pennsylvania	Williamsport	17,202	0.860%
38	California	Red Bluff	1,606	0.803%	38	California	Red Bluff	16,059	0.803%
39	Maryland	Hampstead	1,554	0.777%	39	Maryland	Hampstead	15,540	0.777%
40	Massachusetts	Holliston	1,540	0.770%	40	Massachusetts	Holliston	15,402	0.770%
41	Oklahoma	Hollis	1,524	0.762%	41	Oklahoma	Hollis	15,240	0.762%
42	Tennessee	Savannah	1,496	0.748%	42	Tennessee	Savannah	14,964	0.748%
43	Virginia	Lynchburg	1,464	0.732%	43	Virginia	Lynchburg	14,635	0.732%
44	Wyoming	Lovell	1,455	0.727%	44	Wyoming	Lovell	14,547	0.727%
45	New Hampshire	Auburn	1,413	0.707%	45	New Hampshire	Auburn	14,131	0.707%
46	Arkansas	Jonesboro	1,396	0.698%	46	Arkansas	Jonesboro	13,959	0.698%
47	New Mexico	Clayton	1,262	0.631%	47	New Mexico	Clayton	12,620	0.631%
48	Alabama	Millbrook	920	0.460%	48	Alabama	Millbrook	9,199	0.460%
49	Hawaii	Kauai	800	0.400%	49	Hawaii	Kauai	8,000	0.400%
50	Delaware	Smyrna	443	0.222%	50	Delaware	Smyrna	4,430	0.222%

VI. Ranking Tables – Rural

**Table 48 (cont'd.): Rural Industrial Property Taxes (50% Personal Property)
Payable 2005**

<u>\$25 MILLION-VALUED PROPERTY</u>				
\$12,500,000 Machinery and Equipment				
\$10,000,000 Inventories				
\$2,500,000 Fixtures				
Rank	State	City	Net Tax	ETR
1	Kansas	Larned	\$1,909,320	3.819%
2	South Carolina	Mullins	1,553,871	3.108%
3	Texas	Fort Stockton	1,382,750	2.766%
4	Connecticut	Windham	1,199,520	2.399%
5	Michigan	Escanaba	1,130,800	2.262%
6	Mississippi	Tylertown	1,058,184	2.116%
7	Indiana	North Vernon	946,510	1.893%
8	Arizona	Winslow	923,968	1.848%
9	New York	Plattsburgh	922,837	1.846%
10	Florida	Moore Haven	885,108	1.770%
11	MINNESOTA	Glencoe	789,014	1.578%
12	Iowa	Hampton	775,733	1.551%
13	Nebraska	Mullen	769,982	1.540%
14	Louisiana	Natchitoches	763,137	1.526%
15	Ohio	Marion	749,943	1.500%
16	Missouri	Boonville	743,273	1.487%
17	Idaho	Saint Anthony	714,845	1.430%
18	Montana	Dillon	693,143	1.386%
	AVERAGE		649,420	1.299%
19	Colorado	Walsenburg	647,584	1.295%
20	New Jersey	Maurice River Township	645,067	1.290%
21	Georgia	Fitzgerald	640,434	1.281%
22	Illinois	Carlinville	630,692	1.261%
23	Wisconsin	Mayville	625,306	1.251%
24	Vermont	Morristown	591,101	1.182%
25	Oregon	Coos Bay	584,000	1.168%
26	North Dakota	Bottineau	552,855	1.106%
27	West Virginia	Parsons	534,511	1.069%
28	South Dakota	Sisseton	533,205	1.066%
29	Utah	Richfield	531,360	1.063%
30	Washington	Rock Island	530,581	1.061%
31	Maine	Hudson	528,000	1.056%
32	Rhode Island	Hopkinton	487,025	0.974%
33	Nevada	Fallon	486,638	0.973%
34	Alaska	Fairbanks	477,549	0.955%
35	North Carolina	Asheboro	442,954	0.886%
36	Kentucky	Lawrenceburg	441,974	0.884%
37	Pennsylvania	Williamsport	430,051	0.860%
38	California	Red Bluff	401,480	0.803%
39	Maryland	Hampstead	388,500	0.777%
40	Massachusetts	Holliston	385,045	0.770%
41	Oklahoma	Hollis	381,000	0.762%
42	Tennessee	Savannah	374,110	0.748%
43	Virginia	Lynchburg	365,886	0.732%
44	Wyoming	Lovell	363,667	0.727%
45	New Hampshire	Auburn	353,280	0.707%
46	Arkansas	Jonesboro	348,968	0.698%
47	New Mexico	Clayton	315,489	0.631%
48	Alabama	Millbrook	229,970	0.460%
49	Hawaii	Kauai	200,000	0.400%
50	Delaware	Smyrna	110,762	0.222%

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**Table 49: Rural Industrial Property Taxes (60% Personal Property)
Payable 2005**

<u>\$100,000 VALUED PROPERTY</u>				<u>\$1 MILLION-VALUED PROPERTY</u>					
\$75,000 Machinery and Equipment				\$750,000 Machinery and Equipment					
\$60,000 Inventories				\$600,000 Inventories					
\$15,000 Fixtures				\$150,000 Fixtures					
<u>Rank</u>	<u>State</u>	<u>City</u>	<u>Net Tax</u>	<u>ETR</u>	<u>Rank</u>	<u>State</u>	<u>City</u>	<u>Net Tax</u>	<u>ETR</u>
1	Kansas	Larned	\$9,069	3.628%	1	Kansas	Larned	\$90,693	3.628%
2	South Carolina	Mullins	7,385	2.954%	2	South Carolina	Mullins	73,849	2.954%
3	Texas	Fort Stockton	6,914	2.766%	3	Texas	Fort Stockton	69,138	2.766%
4	Connecticut	Windham	5,698	2.279%	4	Connecticut	Windham	56,977	2.279%
5	Michigan	Escanaba	5,371	2.149%	5	Michigan	Escanaba	53,713	2.149%
6	Mississippi	Tylertown	5,323	2.129%	6	Mississippi	Tylertown	53,229	2.129%
7	Indiana	North Vernon	4,582	1.833%	7	Indiana	North Vernon	45,820	1.833%
8	Florida	Moore Haven	4,235	1.694%	8	Arizona	Winslow	43,106	1.724%
9	Louisiana	Natchitoches	3,840	1.536%	9	Florida	Moore Haven	42,351	1.694%
10	New York	Plattsburgh	3,691	1.477%	10	Louisiana	Natchitoches	38,400	1.536%
11	Nebraska	Mullen	3,668	1.467%	11	Ohio	Marion	37,151	1.486%
12	Missouri	Boonville	3,539	1.415%	12	New York	Plattsburgh	36,913	1.477%
13	Idaho	Saint Anthony	3,372	1.349%	13	Nebraska	Mullen	36,676	1.467%
14	Montana	Dillon	3,324	1.330%	14	Missouri	Boonville	35,387	1.415%
15	Colorado	Walsenburg	3,203	1.281%	15	Idaho	Saint Anthony	33,716	1.349%
16	Ohio	Marion	3,137	1.255%	16	Montana	Dillon	33,239	1.330%
17	Georgia	Fitzgerald	3,131	1.252%	17	Colorado	Walsenburg	32,030	1.281%
18	Iowa	Hampton	3,103	1.241%	18	Georgia	Fitzgerald	31,308	1.252%
19	Arizona	Winslow	3,044	1.218%	19	Iowa	Hampton	31,029	1.241%
	AVERAGE		2,944	1.178%	20 MINNESOTA	Glencoe	30,470	1.219%	
20	Oregon	Coos Bay	2,848	1.139%		AVERAGE	29,941	1.198%	
21	West Virginia	Parsons	2,691	1.076%	21	Oregon	Coos Bay	28,484	1.139%
22	Wisconsin	Mayville	2,615	1.046%	22	West Virginia	Parsons	26,910	1.076%
23	New Jersey	Maurice River Township	2,580	1.032%	23	Wisconsin	Mayville	26,149	1.046%
24	Washington	Rock Island	2,534	1.014%	24	New Jersey	Maurice River Township	25,803	1.032%
25	Utah	Richfield	2,524	1.010%	25	Washington	Rock Island	25,342	1.014%
26	Illinois	Carlinville	2,523	1.009%	26	Utah	Richfield	25,240	1.010%
27	Maine	Hudson	2,508	1.003%	27	Illinois	Carlinville	25,228	1.009%
28 MINNESOTA	Glencoe	2,403	0.961%	28	Maine	Hudson	25,080	1.003%	
29	Vermont	Morristown	2,364	0.946%	29	Vermont	Morristown	23,644	0.946%
30	Nevada	Fallon	2,320	0.928%	30	Nevada	Fallon	23,195	0.928%
31	North Dakota	Bottineau	2,211	0.885%	31	North Dakota	Bottineau	22,114	0.885%
32	Kentucky	Lawrenceburg	2,137	0.855%	32	Kentucky	Lawrenceburg	21,368	0.855%
33	South Dakota	Sisseton	2,133	0.853%	33	South Dakota	Sisseton	21,328	0.853%
34	North Carolina	Asheboro	2,128	0.851%	34	North Carolina	Asheboro	21,284	0.851%
35	Rhode Island	Hopkinton	2,037	0.815%	35	Rhode Island	Hopkinton	20,367	0.815%
36	Alaska	Fairbanks	1,910	0.764%	36	Alaska	Fairbanks	19,102	0.764%
37	California	Red Bluff	1,907	0.763%	37	California	Red Bluff	19,070	0.763%
38	Oklahoma	Hollis	1,905	0.762%	38	Oklahoma	Hollis	19,050	0.762%
39	Arkansas	Jonesboro	1,787	0.715%	39	Arkansas	Jonesboro	17,869	0.715%
40	Virginia	Lynchburg	1,746	0.698%	40	Virginia	Lynchburg	17,455	0.698%
41	Tennessee	Savannah	1,744	0.698%	41	Tennessee	Savannah	17,439	0.698%
42	Wyoming	Lovell	1,727	0.691%	42	Wyoming	Lovell	17,274	0.691%
43	Pennsylvania	Williamsport	1,720	0.688%	43	Pennsylvania	Williamsport	17,202	0.688%
44	Maryland	Hampstead	1,710	0.684%	44	Maryland	Hampstead	17,100	0.684%
45	Massachusetts	Holliston	1,613	0.645%	45	Massachusetts	Holliston	16,128	0.645%
46	New Mexico	Clayton	1,513	0.605%	46	New Mexico	Clayton	15,127	0.605%
47	New Hampshire	Auburn	1,413	0.565%	47	New Hampshire	Auburn	14,131	0.565%
48	Alabama	Millbrook	1,094	0.438%	48	Alabama	Millbrook	10,939	0.438%
49	Hawaii	Kauai	800	0.320%	49	Hawaii	Kauai	8,000	0.320%
50	Delaware	Smyrna	443	0.177%	50	Delaware	Smyrna	4,430	0.177%

VI. Ranking Tables – Rural

**Table 49 (cont'd.): Rural Industrial Property Taxes (60% Personal Property)
Payable 2005**

<u>\$25 MILLION-VALUED PROPERTY</u>				
\$18,750,000 Machinery and Equipment				
\$15,000,000 Inventories				
\$3,750,000 Fixtures				
Rank	State	City	Net Tax	ETR
1	Kansas	Larned	\$2,267,318	3.628%
2	South Carolina	Mullins	1,846,213	2.954%
3	Texas	Fort Stockton	1,728,438	2.766%
4	Connecticut	Windham	1,424,430	2.279%
5	Michigan	Escanaba	1,342,825	2.149%
6	Mississippi	Tylertown	1,330,716	2.129%
7	Indiana	North Vernon	1,145,491	1.833%
8	Arizona	Winslow	1,111,417	1.778%
9	Florida	Moore Haven	1,058,772	1.694%
10	Louisiana	Natchitoches	960,012	1.536%
11	Ohio	Marion	944,178	1.511%
12	New York	Plattsburgh	922,837	1.477%
13	Nebraska	Mullen	916,897	1.467%
14	Missouri	Boonville	884,681	1.415%
15	Idaho	Saint Anthony	842,907	1.349%
16	Montana	Dillon	830,973	1.330%
17	Colorado	Walsenburg	800,750	1.281%
18	MINNESOTA	Glencoe	789,014	1.262%
19	Georgia	Fitzgerald	782,704	1.252%
20	Iowa	Hampton	775,733	1.241%
	AVERAGE		750,052	1.200%
21	Oregon	Coos Bay	712,105	1.139%
22	West Virginia	Parsons	672,746	1.076%
23	Wisconsin	Mayville	653,729	1.046%
24	New Jersey	Maurice River Township	645,067	1.032%
25	Washington	Rock Island	633,540	1.014%
26	Utah	Richfield	630,990	1.010%
27	Illinois	Carlinville	630,692	1.009%
28	Maine	Hudson	627,000	1.003%
29	Vermont	Morristown	591,101	0.946%
30	Nevada	Fallon	579,880	0.928%
31	North Dakota	Bottineau	552,855	0.885%
32	Kentucky	Lawrenceburg	534,193	0.855%
33	South Dakota	Sisseton	533,205	0.853%
34	North Carolina	Asheboro	532,091	0.851%
35	Rhode Island	Hopkinton	509,163	0.815%
36	Alaska	Fairbanks	477,549	0.764%
37	California	Red Bluff	476,758	0.763%
38	Oklahoma	Hollis	476,250	0.762%
39	Arkansas	Jonesboro	446,718	0.715%
40	Virginia	Lynchburg	436,386	0.698%
41	Tennessee	Savannah	435,985	0.698%
42	Wyoming	Lovell	431,854	0.691%
43	Pennsylvania	Williamsport	430,051	0.688%
44	Maryland	Hampstead	427,500	0.684%
45	Massachusetts	Holliston	403,208	0.645%
46	New Mexico	Clayton	378,169	0.605%
47	New Hampshire	Auburn	353,280	0.565%
48	Alabama	Millbrook	273,470	0.438%
49	Hawaii	Kauai	200,000	0.320%
50	Delaware	Smyrna	110,762	0.177%

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**Table 50: Rural Apartment Property Taxes
Payable 2005**

\$600,000 VALUED PROPERTY

\$30,000 Fixtures

Rank	State	City	Net Tax	ETR
1	New York	Plattsburgh	\$22,148	3.516%
2	Connecticut	Windham	18,892	2.999%
3	Iowa	Hampton	18,618	2.955%
4	Michigan	Escanaba	17,617	2.796%
5	Texas	Fort Stockton	17,423	2.766%
6	New Jersey	Maurice River Township	15,482	2.457%
7	Illinois	Carlinville	15,137	2.403%
8	Wisconsin	Mayville	14,325	2.274%
9	Kansas	Larned	14,297	2.269%
10	Vermont	Morristown	14,186	2.252%
11	South Carolina	Mullins	13,603	2.159%
12	Florida	Moore Haven	13,601	2.159%
13	North Dakota	Bottineau	13,269	2.106%
14	Indiana	North Vernon	13,165	2.090%
15	Mississippi	Tylertown	12,969	2.059%
16	South Dakota	Sisseton	12,797	2.031%
17	Nebraska	Mullen	12,015	1.907%
18	Idaho	Saint Anthony	11,522	1.829%
19	Alaska	Fairbanks	11,461	1.819%
20	Rhode Island	Hopkinton	11,157	1.771%
21	Pennsylvania	Williamsport	10,321	1.638%
	AVERAGE		9,752	1.548%
22	Georgia	Fitzgerald	8,980	1.425%
23	Massachusetts	Holliston	8,805	1.398%
24	Montana	Dillon	8,479	1.346%
25	New Hampshire	Auburn	8,479	1.346%
26	Maryland	Hampstead	8,388	1.331%
27	Oregon	Coos Bay	8,379	1.330%
28	Maine	Hudson	8,316	1.320%
29	MINNESOTA	Glencoe	8,273	1.313%
30	Washington	Rock Island	8,204	1.302%
31	Ohio	Marion	8,202	1.302%
32	Nevada	Fallon	7,683	1.220%
33	North Carolina	Asheboro	6,709	1.065%
34	Missouri	Boonville	6,598	1.047%
35	West Virginia	Parsons	6,525	1.036%
36	California	Red Bluff	6,323	1.004%
37	Louisiana	Natchitoches	6,270	0.995%
38	Tennessee	Savannah	6,256	0.993%
39	Kentucky	Lawrenceburg	6,181	0.981%
40	Virginia	Lynchburg	5,739	0.911%
41	Arizona	Winslow	4,937	0.784%
42	Oklahoma	Hollis	4,801	0.762%
43	Hawaii	Kauai	4,800	0.762%
44	Utah	Richfield	4,782	0.759%
45	Wyoming	Lovell	4,732	0.751%
46	New Mexico	Clayton	4,346	0.690%
47	Arkansas	Jonesboro	3,918	0.622%
48	Alabama	Millbrook	3,605	0.572%
49	Delaware	Smyrna	2,658	0.422%
50	Colorado	Walsenburg	2,239	0.355%

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VIII. Appendix A: Methodology and Assumptions

This study updates the 50-State Property Tax Comparison Study: Payable Year 2004. Included are four distinct classes of property using a standard set of assumptions about their “true” market values and the split between real and personal property. The tax was calculated for variously-valued parcels in the largest urban area of each state and the District of Columbia, for the largest fifty cities in the United States, and for a typical rural area in each state. Additional large cities were added to the urban comparison when the largest city was considered not to be typical.

More specific details about key assumptions are provided in the sections below.

Data Collection

Data for property tax calculations was collected in one of two ways. Where possible, property tax data was collected directly from information available through various state and local websites. Where such reports were not available, property taxes were calculated using a contact-verification approach in which state and local tax experts were asked to provide information. In both cases, this information served as the basis for calculations by the Minnesota Taxpayers Association staff. Those calculations were, in turn, subject to local verification when necessary. Previous research provided contact names of each state’s property tax expert, usually a state or local government employee, who would assist us in calculating the property tax and verify background information about their property tax system.

Components of the Property Tax Calculation

As an aid in reviewing the remaining assumptions of this study, it is helpful to think of the property tax calculation as having five distinct components: (1) a “true” market value (TMV), (2) a local sales ratio (SR), (3) a statutory classification system (classification rate) or other provisions that effectively determine the proportion of the assessor’s estimated market value that is taxable (CR), (4) the total local property tax rate (TR), and (5) applicable property tax credits (C). Accordingly, the net local property tax for a given parcel of property is written:

$$\text{Net Property Tax} = \text{TMV} \times \text{SR} \times \text{CR} \times \text{TR} - \text{C}$$

Assumptions about each component are discussed in the sections below.

True Market Value (TMV)

It is important to note that the calculations for this study start with an assumption about the true market value of the four classes of property. This is the market value of a parcel of property as determined in the local real estate market consisting of arm-length transactions between willing buyers and sellers. This is in contrast to “assessed value” or “estimated market value,” which, in most states is the starting point for the tax calculation.

This study assumes the true market value of each property type is the same for each state. For example, the ranking of property taxes on a residential homestead parcel with a true market value of \$150,000 assumes that the parcel is actually worth \$150,000 in the local real estate market in each location in each state, regardless of what the local assessor may think the property is worth.

In the cases of some locations the assumed true market value may be very atypical (a \$150,000 home in Boston, for example). Nevertheless, this study assumes the property exists there. Essentially the goal of this study is to compare the effects of property tax structures. By fixing values we are able to observe the isolated effects of tax structures. That is, we are comparing

VII. Appendix A: Methodology and Assumptions

property taxes, not local real estate markets. However, we have added a table showing median values for single-family homes in the largest urban area of each state.

The specific market value assumed for each class of property in this report is described below in the section on property classes.

Sales Ratios (SR)

A unique aspect of this study is the inclusion of the effects of assessment practices on relative tax burdens across the country. It would have been much simpler to start the calculations by fixing the assessor's "estimated market value" for each property. This would have resulted in a comparison of only the statutory property tax structure. However, in every state, the quality of property tax assessments is a significant aspect of the local property tax scene. Omission of this aspect of the property tax calculation would have made this study much less useful.

Sales ratios are simply a measure of the quality of assessments. The sales ratio is determined by comparing assessments to actual sales. If a sales ratio is: above 100%, the property is over assessed, below 100%, the property is under assessed, is 100%, assessments and market values are equal. If the sales ratios are at 100% that generally indicates that reassessments have just occurred. In some states, sales ratios are used to adjust assessor's values for use in state aid formulas that use local property wealth as a measure of local fiscal capacity. Sales ratios are generally not used in calculating an individual's actual property tax bill; however, some states use an equalization factor for calculating property tax bills, a factor that equalizes assessment values to market values.

In order for the tax liabilities to represent the actual experience of property owners, and to compare "effective" property tax rates across the states, it was important to use the true market value as a point of reference.

We attempted to adjust the assumed true market value of our sample properties with the use of sales ratios applicable to the location and type of property being studied. These are normally county-level sales ratios for the specific classes of property. Where location and class specific ratios were not available, we tried to use the ratio most applicable to the property (either a statewide ratio for the class, or in some cases, a county ratio applicable to all property classes).

By applying sales ratios, this study recognizes that our \$150,000 residential homestead may be "on the books" at \$155,000 in one location, and \$140,000 in another, and that the actual tax on the property will be based on these "estimates" of market value. In this study, if the relevant sales ratio in a given location is 93%, we convert the \$150,000 true market value to \$139,500 ($\$150,000 \times .93$) before applying the provisions of the local property tax.

It is important that we use sales ratios in this study because our fixed reference point for all calculations is an assumed true market value.

In the case of personal property, sales ratios are not used. Many states do not have sales ratios for personal property or assume they are 100%. Personal property assessments are often not market-based, but based on depreciation schedules and other accounting techniques. Consequently, we simply set the "assessment value" of personal property by assumption, side-stepping the myriad ways a state might arrive at that number.

Classification Rates (CR)

The third component of the property tax calculation involves subjecting the assessor's estimated market value to provisions designed to affect the distribution of property tax levies, namely statutory classification or differential assessment schemes.

In the absence of classification or differential assessments, the distribution of property tax burdens by class of property will reflect the distribution of the assessor's estimated market values, assuming the properties are located in the same set of taxing jurisdictions. That is, a home assessed at \$100,000 and a business with the same assessment would pay identical property taxes and their effective tax rates (tax as a percent of assessed value) would be the same.

In most states, classification schemes are set by state legislatures. In a few states classification is partly determined by local governments.

Because of the wide variation in the quality of assessments across the states, particularly across classes of property, many states that appear to have no classification scheme may in fact have significant classification via uneven assessments across classes of property, in some cases, perhaps, in violation of state constitution uniformity provision. Some states, like Minnesota, enforces strict standards of assessment quality (sales ratio studies, state orders adjusting values, state certification of assessors, etc.) and put their classification policy in statute.

Total Local Tax Rate (TR)

Tax rates requested were state and local, payable 2005 applicable to the greatest number of parcels in the largest urban area of each state. "Payable 2005 tax rate" was defined as the tax rate used to calculate the property taxes with a lien date originating in 2005, regardless of the date(s) on which payments are due. In any one city, there may be many different taxing jurisdictions, essentially intersections of city, county, school district, and special taxing district. We asked for the local tax rates for the intersection with the largest number of properties.

We were careful to include the tax rate for all taxing jurisdictions that "normally" levy against real and personal property (namely, cities, counties, school districts, and special taxing districts). Special assessments were excluded from this study since they are more in the nature of user charges, do not affect a majority of parcels, and are usually not sources of general revenue.

Credits (C)

The final step in the tax calculation is to recognize any general deductions from the gross property tax calculations (credits), but these are rare. More common are circuit-breaker refunds which provide homestead reductions based on the gross tax of the property and property owner's income. In our homestead examples we allowed for the effects of circuit-breakers assuming the homeowner has income from wages only of \$40,000 and \$80,000 for the \$70,000 and \$150,000 homes, respectively. However, we found no state circuit-breaker program that provided relief in our homestead examples.

Any other credits that apply to a majority of parcels of the specified type were included in our calculations.

Property Classes and True Market Values

The four hypothetical properties studied in this report are (1) residential homesteads, (2) commercial property, (3) industrial property, and (4) apartments.

These classes of property were selected to provide information about certain recurring property tax reform themes in the State of Minnesota, namely the tax on homesteads relative to those on business and apartment property. Other classes of property were omitted either because of their complexity (public utilities, farms), or because the need for information about them was less urgent, at least in Minnesota. The four classes of property studied comprise nearly 80% of all the market value of real and personal property in Minnesota.

VII. Appendix A: Methodology and Assumptions

For the homestead property, we assumed two different values of real property, a low value and a high value. Apartment property consists of only one value. This updated study added a third value of \$25 million for commercial and industrial property. All classes of property contained a corresponding set of assumptions about personal property. While this may seem an unnecessary complication to many readers, note that the Minnesota property tax system includes “tiered” classifications based on value (similar to income tax brackets). In Minnesota, the first \$500,000 of estimated market value of a residential home is taxed at 80% the rate applicable to the value over \$500,000. Business value over \$150,000 is taxed about 1.4 times more heavily than value under \$150,000.

Taxes were calculated for the four classes of property in the largest urban area of each state and the District of Columbia, plus the additional cities requested by participating member NTC states. The following table summarizes the property classes and assumed true market values (and assessed value of personal property) used for each class.

PROPERTY CLASSES AND TRUE MARKET VALUES					
Class	Values of Property				
	Real	Mach. & Equip.	Inventories	Fixtures	Total
Homestead	\$150,000	\$0	\$0	\$0	\$150,000
	\$300,000	\$0	\$0	\$0	\$300,000
Apartments	\$600,000	\$0	\$0	\$30,000	\$630,000
Commercial	\$100,000	\$0	\$0	\$20,000	\$120,000
	\$1,000,000	\$0	\$0	\$200,000	\$1,200,000
Industrial	\$25,000,000	\$0	\$0	\$5,000,000	\$30,000,000
	\$100,000	\$50,000	\$40,000	\$10,000	\$200,000
(50% Personal)	\$1,000,000	\$500,000	\$400,000	\$100,000	\$2,000,000
	\$25,000,000	\$12,500,000	\$10,000,000	\$2,500,000	\$50,000,000
Industrial	\$100,000	\$75,000	\$60,000	\$15,000	\$250,000
	\$1,000,000	\$750,000	\$600,000	\$150,000	\$2,500,000
(60% Personal)	\$25,000,000	\$18,750,000	\$15,000,000	\$3,750,000	\$62,500,000

Real and Personal Property

The treatment of personal property is a significant part of the property tax in every state. To get an appropriate ranking of the property taxes on all classes of property, and particularly personal property, it is important to make specific assumptions about the amount of personal property associated with each example.

As the table above shows, we made specific assumptions about the amount of personal property associated with each property example. We define the types of property as follows:

Real Property

Property consisting of land and buildings not classified as personal property for tax purposes.

Personal Property – Machinery and Equipment

Large and ponderous equipment, generally not portable and often mounted on special foundations. It would include such items as large printing presses and assembly robots.

Personal Property – Inventories

This includes raw materials, unfinished products, supplies and similar items.

Personal Property – Fixtures

Fixtures include such items as home or office furnishings, display racks, tools and similar items, but excluding motor vehicles. In the case of apartments, it would include such things as stoves, refrigerators, garbage disposals, air conditioners, drapes, and lawn care equipment.

The specific mix of real and personal property obviously varies by industry and location. Since some states tax most personal property and other states exempt all personal property, the tax rankings, particularly for the industrial example, are sensitive to the assumed mix of values.

In the body of this report, we present industrial rankings based on a 50% - 50% and 40% - 60% mix of real and personal property value, respectively.

This study does not include intangibles such as bank balances or financial securities in the property tax calculations.

Effective Tax Rates (ETRs)

Repeated reference has already been made to the concept of effective tax rates. In contrast to statutory tax rates that generally apply to taxable values, in this study effective tax rates are used to express the relationship between net property taxes and the true market value of the property. By including the effects of all statutory tax provisions as well as the effects of local assessment practices, effective tax rates have the virtue of allowing more meaningful comparisons across states and property types.

The comparison tables included in this report show actual dollar taxes and effective tax rates ranked from highest to lowest as well as alphabetically.

Special Property Tax Provisions

This study excludes all “special property tax provisions.” These are defined as provisions that, in practice, apply to less than half of all taxpayers for a given class of property. Special provisions are normally triggered by special circumstances or attributes of the taxpayer or property. Examples would include senior tax deferrals, and special valuation exclusions based on age, health or special use.

The goal of this study is to compare the actual tax experience of the largest number of taxpayers in the selected jurisdictions.

What Do Rankings Mean?

Property tax rankings must be evaluated in the broader context of each state’s fiscal system. The level of property taxes in each state reflects the level of local spending there, intergovernmental aids paid to local governments, the relative use of non-property tax sources of financing public services such as local income or sales taxes and fees, for selected classes of property, state and local policies that affect the distribution of the property tax burden across properties.

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