



**Goodhue
County**
MINNESOTA

Tax Court Update

Agenda

- Tax Court Process & Filing Trends
- Costs to County
- Mayo Clinic Health System – Southeast MN Region
- Comments/Questions

Tax Court Process & Filing Trends

- AY2019 / PY2020 – 12 Filings (One for Exemption)
- AY2020 / PY2021 – 11 Filings (One for Exemption)
- AY2021 / PY2022 – 10 Filings (One for Exemption)
- AY2022 / PY2023 – 12 Filings
- AY2023 / PY2024 – 9 Filings
- AY2024 / PY2025 – 15 Filings (One for Exemption)
- AY2025 / PY2026 – 18 Filings (One for Exemption)
- These figures do not include State Assessed Property such as utilities, railroads, or pipelines

Important Things to Know

- Exemptions and adjustments to value impact all taxing authorities including counties, cities/townships, school districts, the State of MN, and any other special taxing jurisdictions
- Loss in Revenue from current and previous year's taxes will **Never** be Recovered
- New exemptions and adjustments in value cause tax burdens to be shifted to other taxpayers in future years
- Property tax refunds as a result of exemptions or reductions in value are paid from County cash. Non-County portions of the property tax are recovered through the tax settlement process.
- For Financial Statement purposes, property tax refunds are reductions in property tax revenue, not reported as expense

Tax Court Costs To County

- Property Appraisals and testimony
 - Could be as low as \$6,000 and up to \$12,000
 - Can be as high as \$20,000 or more depending on complexity
 - May not be able to obtain appraisal for certain properties
 - Expert witnesses could be approximately \$500 per hour
- Staff time can vary significantly by year
 - County Assessor - 15%-20%
 - Assistant County Attorney - 50-75%
 - Legal Secretary
 - Finance Director
 - Commercial Appraiser - 10%-15%
 - County Attorney
 - Tax Manager
 - Accountant I

Tax Court Costs To County

- Property Tax Refunds
 - County's Portion of Tax
 - Varies per year
- Interest paid on property tax refunds
 - 4% per annum pro-rated per day
- Gross Cash Refunds Paid By Year (all taxing authorities)
 - 2022 \$135,305.62
 - 2023 \$50,238.39
 - 2024 \$163,235.78
 - 2025 \$135,113.91
 - 2026 \$88,265.97 (YTD through 9/30)

Mayo Health System – SE MN Region

- Goodhue County is party to a tax court case involving the Red Wing and Cannon Falls hospitals that was filed by Mayo Clinic Health System – Southeast Minnesota Region for the 2025 and 2026 taxes payable years.
- This case argues that entire hospital buildings, including the clinics contained within, are exempt from property taxes.
- This could set a dangerous precedent statewide that would negatively impact all counties, cities, and school districts with clinics in their taxing jurisdiction boundaries.

Impact of Mayo becoming Exempt

Taxing Authority	2025 Taxes	2026 Taxes	2025 & 2026 Total Taxes	Total as a % of 2026 Levy
Goodhue County	147,254.80	151,652.80	298,907.60	0.62%
City of Red Wing	180,595.40	178,049.96	358,645.36	1.28%
City of Cannon Falls	54,131.04	55,672.76	109,803.80	2.97%
Red Wing School District	46,779.44	44,514.72	91,294.16	0.89%
Cannon Falls School District	28,577.10	31,594.54	60,171.64	0.96%
State of Minnesota	105,850.36	103,845.86	209,696.22	
Special Taxing Jurisdictions	7,640.42	7,535.36	15,175.78	
Totals	570,828.56	572,866.00	1,143,694.56	

Impact of Mayo becoming Exempt

- One of the five highest taxpayers since pay year 2018
- Fourth highest taxpayer for pay years 2024 and 2025
- Immediate outlay of County cash of over \$1,140,000 of property taxes and at least \$40,000 of interest
- Eventual recovery of ~\$840,000 from the cities, school districts, State of MN, and the other special taxing jurisdictions at the next tax settlement
- Causes erosion of tax base and shifts ~\$150,000 of Goodhue County property taxes to all other taxpayers into perpetuity
- Shifts city and school tax burdens to all other taxpayers in those jurisdictions into perpetuity

Comments.

Questions?