

Annual NAIOP Tax Study Favors Wisconsin

Earlier this year, the Minnesota Chapter of the National Association of Industrial and Office Properties (NAIOP) released its 21st annual comparative tax study to highlight the economic challenges faced by Minnesota manufacturers. The 2008 study covers the 2007 tax year.

The comparative tax study tracks property taxes and other tax costs on similar industrial buildings in surrounding states. The property taxes payable in 2007 were calculated on a 70,000 square foot building that housed a light manufacturing company employing 99 workers. In each state, the property taxes were calculated on an actual building that was comparable to others in size, location, and current use.

In Minnesota, the 70,000 square foot building generated \$121,109 in property taxes (\$1.73 per square foot) compared to \$57,010 for a similar building in Wisconsin (\$0.82 per square foot). Of the 13 states analyzed, property taxes from the Minnesota building was second highest. Only Illinois, with property taxes of \$182,056 (\$2.60 per square foot), ranked higher. Wisconsin's property taxes were among the lowest – only North Dakota (\$54,859), Texas (\$46,566), and Ohio (\$43,388) were lower.

The NAIOP study also combined property tax obligations with unemployment, corporate, personal property, and sales taxes. A Minnesota manufacturer paid almost \$200,000 in 2007, compared to a total tax bill of just over \$100,000 in Wisconsin.

The study also identified Minnesota's "effective business property tax rate" in 2007 as 3.25% (i.e. the tax expressed as a percentage of an assessor's estimated market value). In Wisconsin the rate was 2.11%.

