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2016-17 Biennial Budget – Tax Court

Agency Profile – Tax Court 1

<http://www.taxcourt.state.mn.us>

AT A GLANCE

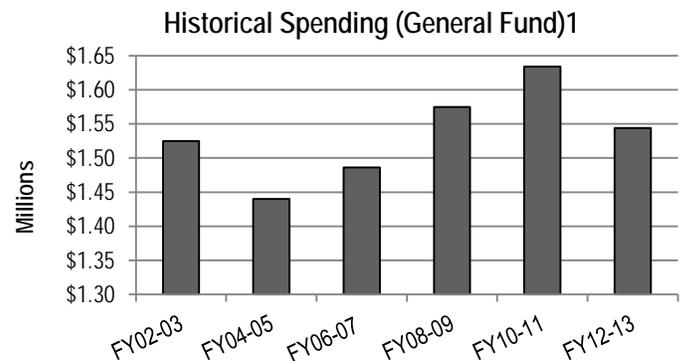
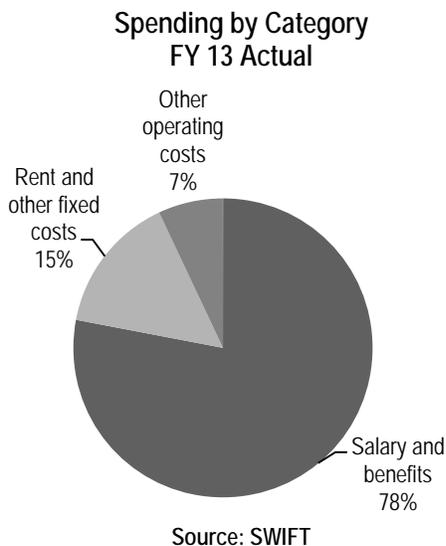
- Eight full-time staff: 3 judges, 3 administrative staff, and 2 judicial law clerks.
- Approximately 5,000 cases are filed with the Court annually, 98% of which are appeals from property tax assessments, and the remainder are appeals from orders of the Commissioner of Revenue.
- A property tax appeal is filed with the district court administrator in the county in which the property is located and then transferred to the tax court; an appeal from an order of the Commissioner of Revenue is filed directly with the Tax Court.
- Generates approximately \$1,500,000 per year in filing fees deposited into the General Fund.
- FY 2014 budget of \$1,035,000.
- Judges travel throughout Minnesota to hear cases where taxpayers reside.
- The Court files written findings of fact, conclusions of law, and an explanatory memorandum in each case within three months of submission.

PURPOSE

The Minnesota Tax Court is a specialized trial court in the executive branch with statewide jurisdiction. By statute, it is “the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the tax laws of the state.”

The Tax Court resolves disputes between property owners and counties concerning the correct value and classification of real property, and adjudicates taxpayer appeals from orders of the Minnesota Commissioner Revenue. By ensuring that property is correctly classified and valued and that taxpayers are correctly taxed, the court helps ensure a thriving economy that encourages business growth and employment opportunities, while providing efficient and accountable government services. The Court’s three judges (all appointed between December 2012 and September 2013) are working to ensure that the Court is managed according to best practices. The Department of Administration’s Small Agency Resource Team (SmART) assists the Court with human resources and budgeting. The Court’s budget now includes line-items for statutorily mandated services such as judicial travel to conduct hearings, the purchase of transcripts for indigent taxpayers, and translators for court proceedings. The Court is also working with MN.IT to ensure that its existing IT infrastructure is stable and secure.

BUDGET



Source: Consolidated Fund Statement
¹ The apparent FY 12-13 reduction is the result of salary-savings from judicial vacancies.

Minnesota Tax Court generates approximately \$1,500,000 annually in non-dedicated revenue from filing fees, which are deposited into the General Fund. All funding for Tax Court operations, in turn, comes from General Fund appropriations. The Tax Court’s budget for fiscal 2013 was approximately 78 percent compensation, 15 percent rent and other fixed costs, and 7 percent operating expenditures. During the FY 14-15 biennium, the appropriation was \$1,035,000 per year, of which \$25,000 was specifically appropriated toward

acquisition of a new electronic case management system and another \$161,000 was specifically appropriated toward salary and benefits for two judicial law clerks, specialized continuing legal education, and electronic legal research costs

STRATEGIES

The Tax Court is a specialized trial court. Tax Court actions are governed by the Minnesota Rules of Civil Procedure and of Evidence, and proceed in largely the same manner as civil actions filed in the Minnesota District Courts. Like other trial courts, the Tax Court actively manages its docket, resolves discovery and trial-management disputes, decides dispositive and non-dispositive motions, and conducts trials. Jury trials are not available in Tax Court; the Tax Court files written findings of fact, conclusions of law, and an explanatory memorandum in each case heard.

Filings in the Tax Court increased from approximately 1,200 in calendar year 2000 to almost 6,000 in 2010. Filings for each of the last five years average approximately 5,000 cases per year. Even though most cases eventually settle over time, this resulted in a significant backlog of cases.

To reduce its backlog of cases, the Court now issues individual scheduling orders designed to ensure that all cases are either settled or ready for trial in approximately 18 months. As a result of this more active case management (and a modest decrease in filings), the Court has reduced the number of pending cases on its docket by approximately 38%. To further facilitate settlements in property tax cases (in which counties would otherwise have to request special funds to pay for an outside mediator), the judges of the Court have completed training as civil mediators, enabling them to mediate appropriate cases (at no cost to the parties) in hopes of resolving them short of trial. Finally, the court has implemented streamlined procedures that reduce the time (and cost to the parties) of trying cases that cannot otherwise be resolved.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Jan. 31, 2013</i>	<i>Aug. 25, 2014</i>	<i>Change</i>	<i>Percent Change</i>
Quantity	Pending Cases ¹	7,712	4,754	-2,958	-38.4
Quality/Efficiency	Average Age of Pending Cases ²	-	-	-	-
Quality/Efficiency	Average Trial Length ³	-	-	-	-

1. The number of pending cases represents the Tax Court's backlog of cases awaiting disposition. As used here, "Pending Cases" refers to matters that have been entered into the Tax Court's own electronic case-management system and as to which the parties have not notified the Court of a settlement. Figures do not include cases filed during approximately the previous six months, which are awaiting entry into the tax court's case management system.
2. The Court has only begun to calculate the average age of cases pending before it and does not yet have a base for comparison.
3. The Court has only begun to track average trial length and does not yet have a base for comparison. Anecdotal evidence suggests the Court's streamlined procedures have reduced trial times by as much as half.

The Minnesota Tax Court is authorized by Minn. Stat.Ch. 271.