

# MINNESOTA • REVENUE

## PROPERTY TAX

### Exemption for Property Owned and Operated by Veterans Organizations

February 08, 2011

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 0099 (Anzelc) / S.F. 0258 (Saxhaug) as introduced

	Fund Impact			
	FY2012	FY2013	FY2014	FY2015
	(000's)			
General Fund	\$0	(\$210)	(\$210)	(\$210)

Effective for taxes payable 2012 and thereafter.

### EXPLANATION OF THE BILL

The bill exempts real property owned by military service organizations or auxiliaries if the organization is organized within Minnesota and is exempt from federal taxation under IRS code 501c.

### REVENUE ANALYSIS DETAIL

There are about 860 American Legion and Veterans of Foreign Wars posts in Minnesota. Not all of these own real property.

The analysis is based on a partial survey of assessors reporting market value and net taxes currently paid by veterans organizations. Additional property receiving exclusions would decrease jurisdictions' net tax capacity, thereby driving up the local tax rate. It is estimated that \$5,000,000 of taxes would shift onto other property types, including homesteads. Property tax refunds would increase due to higher homestead property taxes. It is estimated that property tax refunds would increase by \$210,000 per year beginning in FY 2013.

Number of Taxpayers: Owners of property in qualifying jurisdictions.

Source: Minnesota Department of Revenue  
Property Tax Division - Research Unit  
[http://www.taxes.state.mn.us/legal\\_policy](http://www.taxes.state.mn.us/legal_policy)

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**PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)**

*Transparency, Understandability, Simplicity & Accountability*      Decrease      Creates new exemption subcategory.

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<i>Efficiency &amp; Compliance</i>	Neutral
<i>Equity (Vertical &amp; Horizontal)</i>	Neutral
<i>Stability &amp; Predictability</i>	Neutral
<i>Competitiveness for Businesses</i>	Neutral
<i>Responsiveness to Economic Conditions</i>	Neutral

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*The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.*