

PROPERTY TAX
Agricultural Education Credit @ 100%

February 2, 2001

Department of Revenue

Analysis of H.F. 5 (Penas)/S.F. 259 (Lesewski) *revised for administrative impact*

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>
		(000's)		
General Fund	\$0	(\$25,900)	(\$28,800)	(\$28,800)

The proposal is effective for taxes payable in 2002 and thereafter.

EXPLANATION OF THE BILL

Current Law: Under current law, farm homestead land is eligible for a credit against net taxes of 70% of general purpose education levies. Farm nonhomestead land and timberland are eligible for a credit against net taxes of 63% of general purpose education levies.

Proposed Law: The proposal would make the credit equal to 100% of general purpose education levies for farm homestead land, farm nonhomestead land, and timberland.

REVENUE ANALYSIS DETAIL

- The proposal was analyzed on the taxes payable 2001 property tax simulation model.
- Additional agricultural education credit cost is approximately \$28.8 million (\$25.9 million fiscal year basis after 90/10 school aid shift) in FY 2003 and thereafter.

Number of Taxpayers Affected: 105,000 farm homesteads plus nonhomestead farms.

ADMINISTRATIVE/OPERATIONAL IMPACT

There will be no significant administrative or operational costs or savings to DOR in administration of this bill.

Source: Minnesota Department of Revenue
 Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>