Property Tax
Exemption for Agricultural Education Organizations

March 19, 2001

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

Department of Revenue
Analysis of H.F. 1535 (Ruth) / S.F. 1491 (Day)

	Revenue Gain or (Loss)			
	F.Y. 2002	F.Y. 2003	F.Y. 2004	FY2005
		(000's)		
General Fund		(Negligible)	(Negligible)	(Negligible)

Effective for taxes payable in 2002 and thereafter.

EXPLANATION OF THE BILL

Current Law: All real and personal property is subject to property tax except Indian lands and other property exempt by law.

Proposed Law: Property owned and operated by a private, nonprofit charitable corporation that qualifies for a federal income tax exemption under section 501(c)(3) of the Internal Revenue Code is exempt from property tax if the property is primarily used for educational interpretation of the past, present, and future of agriculture in Minnesota.

REVENUE ANALYSIS DETAIL

- The Minnesota Agricultural Interpretive Center ("Farm America") in Waseca County would be eligible for this exemption. According to the Waseca County assessor, the total market value subject to exemption for taxes payable 2002 would be $1.3 million.
- It is assumed that the total number of organizations eligible for this exemption is small, that the resulting statewide property tax shift would be minor, and any additional state costs for homeowner property tax refunds would be negligible.

Number of Taxpayers Affected: One known entity and perhaps a few others would benefit from the exemption. Taxpayers in the local taxing district where the exemption is applied may have a small increase in property tax.

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

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