PROPERTY TAX
Exemption of Nonprofit Charitable Historical Societies

March 23, 2001

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

Department of Revenue
Analysis of H.F. 1916 (Jennings)/S.F. 2181 (Ring)

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

Effective for taxes payable in 2002 and thereafter.

EXPLANATION OF THE BILL

Current Law: Institutions of purely public charity are exempt from property tax. Such a charity is administered wholly or exclusively for the benefit of the public although the property devoted to such use need not be owned by the public. Support for such an institution should not rest entirely on guests' payments but to a substantial extent on contributions.

Proposed Law: Property that is owned by a nonprofit charitable organization that qualifies for tax exemption under section 501 (c) (3) of the Internal Revenue Code and has as its primary purpose to function as a historical society by acquiring, preserving, restoring, and exhibiting artifacts related to local or regional history is exempt from property tax.

REVENUE ANALYSIS DETAIL

- The Almelund threshing organization in Chisago County holds a 3-day exhibition of threshing and related farm activities each year. The proposal would exempt the property used for the exhibition from property tax. Information is not available on the market value of the property.
- Information is not available on other property owned by nonprofit charitable organizations that may be affected by the proposal.
- Exemption of currently taxable property will cause a shift in tax burden to other taxpayers. The increase in homeowner property tax may increase state costs for homeowner property tax refunds, though the amount is likely to be minimal.

Number of Taxpayers Affected: All taxpayers in the county where the exemption is granted would have at least a slight increase in property tax burden.

ADMINISTRATIVE/OPERATIONAL IMPACT

There are no significant administrative or operational costs or savings to the department in administration of this bill.

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

hf1916-1 / JB