

**Property Tax  
Special Agricultural Homesteads**

March 29, 2001

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

Department of Revenue  
Analysis of H.F. 2020 (Kubly)

	<b>Revenue Gain or (Loss)</b>			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>FY2005</u>
	(000's)			
General Fund		(Negligible)	(Negligible)	(Negligible)

Effective for taxes payable in 2002 and thereafter.

**EXPLANATION OF THE BILL**

**Current Law:** Agricultural property of at least 40 acres where the owner is a Minnesota resident but does not reside on the land may be classified as a homestead if the owner, or the owner's son or daughter, does not live farther than four townships or cities from the property and the owner (or the son or daughter) is actively farming the property.

**Proposed Law:** The bill would expand these special agricultural homestead provisions to include cases where a parcel of agricultural property is less than 40 acres, the parcel is at least 10 acres, and when combined with other agricultural parcels actively farmed and owned under these special homestead provisions yields a total agricultural acreage of at least 120 acres.

**REVENUE ANALYSIS DETAIL**

- The number of cases where the owner of agricultural property or the owner's son or daughter reside on an agricultural parcel of 10 to 40 acres, but actively farm nearby agricultural parcels of at least 120 acres, is assumed to be small.
- Although a small property tax shift could result from changing agricultural property from nonhomestead to homestead in such cases, the shift to other homeowners would be small, and the increased state cost for homeowner property tax refunds or education agricultural credit would be negligible.

**Number of Taxpayers Affected:** A small number of property owners could benefit. All taxpayers in a taxing district where this provision reduced the tax base would have a small tax increase.

**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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