

MINNESOTA · REVENUE

PROPERTY TAX Ag Homestead Land under \$115,000 Classed at .35%

February 14, 2002

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

Department of Revenue
Analysis of H.F. 3378 (Daggett)/S.F. 3334 (Sams)

	<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				
Homeowner PTR increase		\$0	(\$350)	(\$350)

Effective for taxes payable 2003 and thereafter.

EXPLANATION OF THE BILL

Current Law: Agricultural homestead land less than \$115,000 of market value is classed at 0.55%.

Proposed Law: The proposal would decrease the classification percentage to 0.35%.

REVENUE ANALYSIS DETAIL

- The proposal was analyzed on the taxes payable 2002 property tax simulation model.
- Market value homestead credit and market value ag land credit would not change.
- Total net taxes decrease 8% on farm homesteads. Property taxes are shifted onto other types of property.
- Property tax refunds will increase \$0.35 million in pay 2003 and in pay 2004 due to an increase in homestead net taxes.

Number of Taxpayers Affected: All property owners in agricultural areas.

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

sf3378-1/LAM

<http://www.taxes.state.mn.us/polic.html#analyses>