

MINNESOTA · REVENUE

PROPERTY TAX Farm Homestead Land Market Value Credit at 0.4%

February 22, 2002

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

Department of Revenue
Analysis of S.F. 3105 (Sams)/ H.F. 3581 (Otremba)

	<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				
Market Value Ag Land Credit increase		\$0	(\$5,400)	(\$5,400)

Effective for taxes payable 2003 and thereafter.

EXPLANATION OF THE BILL

Current Law: Farm homestead land market value up to \$115,000 currently qualifies for a credit on net taxes of 0.2% times market value, up to a maximum of \$230.

Proposed Law: The proposal would raise the percentage from 0.2% to 0.4%. The maximum is unchanged.

REVENUE ANALYSIS DETAIL

- The general fund cost of farm homestead market value credit would increase by \$5.4 million.

Number of Taxpayers Affected: All farm homestead land owners would see a net tax decrease.

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>

sf3105-1/LAM