MINNESOTA · REVENUE

PROPERTY TAX
Ag. Homestead - Grandchildren

March 11, 2005

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

Department of Revenue
Analysis of H.F. 249 (Westrom) / S.F. 833 (Sams)

	Fund Impact			
	F.Y. 2006	F.Y. 2007	F.Y. 2008	F.Y. 2009
		(000's)		
General Fund Total	$0	(Negligible)	(Negligible)	(Negligible)

Effective for taxes payable in 2005 and thereafter.

EXPLANATION OF THE BILL

Current Law: Sons and daughters of the owner or owner's spouse are eligible to receive agricultural homestead classification if they are actively farming the property on the owner's behalf.

Proposed Law: The proposal would add grandsons and granddaughters of the owner or owner's spouse to the family relationships eligible for agricultural homestead treatment.

REVENUE ANALYSIS DETAIL

- It is assumed that few additional parcels would become eligible for agricultural homestead treatment.
- A tax shift created by additional agricultural homestead classifications would shift tax burdens to other properties including homeowners.
- The tax shift thus would increase homeowner property tax refunds by a negligible amount for taxes payable in 2006 and following years. The retroactive effective date to taxes payable in 2005 would likely result in abatements, rather than a tax shift, for the one year.

Number of Taxpayers Affected: Few agricultural homesteads.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

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