

MINNESOTA • REVENUE

PROPERTY TAX Property Tax Exemption for Elderly Living Facility

March 16, 2005

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

Department of Revenue
Analysis of S.F. 1683 (Pogemiller)

	Fund Impact			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
	(000's)			
General Fund	\$0	(Negligible)	(Negligible)	(Negligible)

Effective for taxes payable in 2006 and thereafter.

EXPLANATION OF THE BILL

The bill provides a property tax exemption to an elderly living facility that meets all of the following requirements:

- located in a first class city with a population greater than 350,000;
- owned and operated by a nonprofit corporation or an LLC in which the sole member is a nonprofit corporation;
- consists of no more than 60 living units;
- the residents of the facility must be at least 62 years of age or handicapped;
- a portion of the units are occupied by persons whose annual income does not exceed specified limits.
- the owner of the facility is an affiliate of entities that own and operate assisted living and skilled nursing facilities that are located across a street from the facility, are adjacent to a church, include congregate dining programs, and provide assisted living.

The property is exempt for the term of the facility's initial permanent financing or 25 years, whichever is later.

REVENUE ANALYSIS DETAIL

- It is assumed one facility in the city of Minneapolis would be the only property affected by the proposal.
- The property tax exemption will reduce the local tax base relative to the base under current law, and cause a property tax shift to all other property including homesteads. The increased property tax burden on homesteads caused by the exemption (relative to current law) will increase state-paid homeowner property tax refunds by less than \$5,000 beginning in FY 2007.

Number of Taxpayers: One facility in Minneapolis would be directly affected.

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

sf1683_1/nrg