

MINNESOTA • REVENUE

PROPERTY TAX Energy Efficient Commercial Property Assessment

March 16, 2005

Department of Revenue
Analysis of S.F. 1685 (Pogemiller)

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

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	\$0	(Unknown)	(Unknown)

Effective for taxes payable in 2007 and thereafter.

EXPLANATION OF THE BILL

The bill provides a market value reduction for certain commercial property. The reduction is related to the percentage of energy consumption below state energy code rules. A schedule of percentages and related market value reductions is listed. Buildings must be inspected and certified to qualify for the market value reductions. The reductions remain in effect for the first ten assessment years after the property has been certified. The Department of Commerce must establish a process for determining eligibility and certification of inspectors. The property owner must furnish certification to the assessor by May 1 of the assessment year in order to qualify for the valuation reduction for taxes payable in the following year.

REVENUE ANALYSIS DETAIL

- The number of commercial properties that would qualify and be certified is not known.
- The total amount of state general levy would remain the same as current law.
- Taxes would be shifted from qualifying energy efficient buildings to other property types, including homestead property. Property tax refunds would increase, reflecting increased net taxes shifted onto homesteads.

Number of Taxpayers: Owners of qualifying commercial property would be directly affected.

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