

# MINNESOTA • REVENUE

## PROPERTY TAX Native Prairie Exemption Expansion

March 29, 2006

|                                  | Yes | No |
|----------------------------------|-----|----|
| DOR Administrative Costs/Savings |     | X  |

Department of Revenue

Analysis of S.F. 3309 (Frederickson) / H.F. 3861 (Magnus)

|              | <u>Fund Impact</u> |                  |                  |                  |
|--------------|--------------------|------------------|------------------|------------------|
|              | <u>F.Y. 2006</u>   | <u>F.Y. 2007</u> | <u>F.Y. 2008</u> | <u>F.Y. 2009</u> |
| General Fund | \$0                | \$0              | \$0              | (\$20)           |

(000's)

Effective August 1, 2006.

### EXPLANATION OF THE BILL

This bill expands the definition of native prairie land that is exempt from the property tax to include pasture land covered by a grazing plan approved by the Commissioner of Natural Resources. The bill also provides that property enrolled in the native prairie bank program can be classified as agricultural for property tax purposes.

### REVENUE ANALYSIS DETAIL

- According to a Department of Natural Resources analysis, it is estimated that after three years, the total general fund cost will be \$60,000 due to school aid changes. One third is assumed to enroll in each of the next three years.
- There are currently 69 easements totaling 5,349 acres enrolled in the native prairie bank program.
- As a result of exempting certain pasture land and reducing the class rate for property in the native prairie bank program, the property tax would shift to other properties including homesteads.
- The tax shift thus would increase homeowner property tax refunds by a negligible amount for taxes payable in 2008 and following years.

**Number of Taxpayers Affected:** Up to 30,000 acres of native prairie.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)

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