

MINNESOTA • REVENUE

PROPERTY TAX

Property Leased by School Districts

March 8, 2007

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 738 (Olson, G.)

	Fund Impact			
	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>	<u>F.Y. 2010</u>	<u>F.Y. 2011</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective for taxes payable in 2007 and thereafter.

EXPLANATION OF THE BILL

Current Law: Property that is leased or rented to a school district is exempt from taxation if it meets the following requirements:

- 1) the lease period is at least 12 consecutive months;
- 2) the school district pays a nominal consideration for use of the building;
- 3) the school district must use the property for K-12 education, special education, adult basic education, preschool and early childhood family education, or community education programs; and
- 4) the school district must have exclusive use of the property during the lease period.

Proposed Law: The bill would create an alternative school district payment requirement for use of a leased building. Instead of the current payment, the terms of a lease could require a payment reduced by an amount equal to the property tax forgone due to the exemption, as verified by the county assessor.

REVENUE ANALYSIS DETAIL

- The proposal would have no cost impact to the state general fund. The proposal may reduce payments by school districts for the use of leased buildings.

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

sf0738_1/nrg