

MINNESOTA • REVENUE

Property Tax Only – See separate analysis for income and sales tax impacts

PROPERTY TAX

Bovine Tuberculosis Management Zone Credit

April 15, 2008

Department of Revenue
Analysis of S.F. 3833 (Skoe) / H.F. 4181 (Olin)

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>	<u>F.Y. 2010</u>	<u>F.Y. 2011</u>
		(000's)		
Property Tax Refunds, cattle	\$0	\$0	(\$25)	(\$25)
Property Tax Refunds, hunting land	\$0	\$0	(Unknown)	(Unknown)

Effective for taxes payable in 2009 and thereafter.

EXPLANATION OF THE BILL

The bill creates a property tax credit for farmers whose cattle herds have been eradicated to control bovine tuberculosis. The farm parcel must be within a Bovine Tuberculosis Management Zone. The credit equals the tax on class 2a or 2b agricultural land for each year following the year that cattle were eradicated, through the year following when new cattle are placed on the land. The owner must apply to the county by January 2 of the year after the calendar year the herd was eradicated. Counties would be reimbursed for the credit by the state, and allocated proportionately to the affected jurisdictions. The credit ceases in the assessment year when the Board of Animal Health certifies that the state is free of bovine tuberculosis. The credit also applies to hunting lands where the DNR has eradicated deer, the owner adheres to the feeding ban, and the owner makes every effort to keep the parcel free of deer and elk.

REVENUE ANALYSIS DETAIL

- The current Bovine Tuberculosis Management Zone includes portions of Beltrami, Roseau, Lake of the Woods, and Marshall Counties.
- According to the Minnesota Board of Animal Health, eleven herds have been found to have bovine tuberculosis since 2005. 53 eligible cattle herds remain within the management zone. At least five are expected to take advantage of a voluntary buy-out and restocking moratorium. The restocking moratorium would last until the state is tuberculosis free. For this analysis, it is assumed that 20 will participate in the buy-out.
- No data is available on the number of eligible hunting lands within the management zone.
- The average farm in the townships in the Bovine Tuberculosis Management Zone is assumed to have a market value of \$250,000. The net tax on the land portion of each farm is assumed to be \$1,227.

Number of Taxpayers: A few owners of class 2a and 2b farmland.

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