

MINNESOTA • REVENUE

February 17, 2011

PROPERTY TAX

Rural Preserve Program Modification

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of S.F. 0222 (Miller) 1st Engrossment

Fund Impact

	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
		(000's)		
General Fund	\$0	(\$35)	(\$35)	(\$35)

Effective day following final enactment.

EXPLANATION OF THE BILL

The bill makes several modifications to the Rural Preserve property tax program. The requirements for a conservation plan and a minimum 8 year enrollment are stricken. A new requirement for an aerial photograph or satellite image of the property described in the application is created. Application form statements including qualifications and termination requirements are prescribed. Covenant restrictions are also repealed.

REVENUE ANALYSIS DETAIL

The analysis is based on a survey of assessors reporting acres withdrawn from the green acres program. It is derived that approximately 150,000 acres of property withdrawn from the green acres program would re-enroll in the rural preserve program under the less strict qualifications in the bill. Additional property receiving deferral treatment would decrease jurisdictions' net tax capacity, thereby driving up the local tax rate. \$800,000 of taxes would shift onto other property types, including homesteads. Property tax refunds would increase due to higher homestead property taxes. It is estimated that property tax refunds would increase by \$35,000 per year beginning in FY 2013.

Number of Taxpayers: Owners property in areas with qualifying rural preserve property.

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

sf0222_pt_2/lam

PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

<i>Transparency, Understandability, Simplicity & Accountability</i>	Increase	Reduces program requirements.
<i>Efficiency & Compliance</i>	Increase	No covenants for property tax administrators to track.
<i>Equity (Vertical & Horizontal)</i>	Neutral	
<i>Stability & Predictability</i>	Neutral	
<i>Competitiveness for Businesses</i>	Neutral	
<i>Responsiveness to Economic Conditions</i>	Neutral	

The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.