

MINNESOTA • REVENUE

PROPERTY TAX Senate Property Policy and Technical

May 10, 2011

**Property Taxes and Local Aids Only –
See Separate Analysis for State Taxes**

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 869 (Ortman), 1st engrossment

	Fund Impact			
	<u>F.Y. 2012</u>	<u>F.Y. 2013</u>	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>
	(000's)			
<u>Article 3: Property Taxes</u>				
Game Farm Modification	\$0	(negligible)	(negligible)	(negligible)
Marshall County Ag Homestead Extension	\$0	\$0	(negligible)	(negligible)
Total General Fund	\$0	(negligible)	(negligible)	(negligible)

Various Effective Dates

EXPLANATION OF THE BILL & REVENUE ANALYSIS DETAIL

The bill includes provisions from the Department of Revenue policy and technical bills in addition to some legislative policy provisions. There is no fiscal impact for provisions not listed in the fund impact summary.

Article 3: Department Policy: Property Taxes

Correction of Errors (Sections 1, 2, 5- 8)

Authorizes the commissioner of revenue to correct errors in equalized fair market value of railroad operating property, wind energy production tax, personal property assesment, transmission lines, certified recommended values.

- There are no state general fund impacts for this bill.

Agricultural Homesteads (Section 3,4)

Clarifies language on limited liability corporations and parcels less than 10 acres.

- There are no state general fund impacts for this bill.

Article 7: Department Technical: Property Taxes

Homestead Property Reference (Section 1)

Corrects a reference to class 1c homestead dwelling pertaining to destroyed properties.

Agricultural Homesteads (Sections 2, 3)

Clarifies language on relative homesteads.

This section also extends permanently the temporary homestead classification to ag homesteads that no longer qualify to properties vacated by flood waters in 2009.

- Five properties are expected to qualify for the new provision.
- Taxes will shift from preferred properties to other classes.
- Property tax refund increases due to tax shifting onto class 1a or 2a homesteads are expected to be negligible.

Converters/Conveyances (Sections 4-8)

The bill makes technical changes to the definition of a park for purpose of an authorized public use, clarifies which of the new restrictions and allowances enacted in 2010 apply to use deeds executed both before and after the effective date of those laws, and clarifies that minerals are reserved to the state in transactions involving forfeited lands.

Repealer (Section 9)

Eliminates redundant or oboselete references.

EXPLANATION OF THE BILL & REVENUE ANALYSIS DETAIL (continued)

Article 11: Miscellaneous

Waterfowl Ag Classification (Section 4)

This section broadens the definition of game birds and waterfowl under the term “agricultural products” by allowing game farms licensed under M.S. 97A.105 to qualify. At least 500 birds must be raised per year.

- A few properties are expected to qualify for the new provision.
- Taxes will shift from preferred properties to other classes.
- Property tax refund increases due to tax shifting onto class 1a or 2a homesteads are expected to be negligible.

Income Producing Property Appeals (Section 5)

The bill clarifies the documentation that petitioners contesting the valuation of income producing property are required to supply to the county assessor, if requested. Actual leases may be required. Effective for petitions contesting 2010 assessments and thereafter.

- There would be no direct impact on the state general fund as a result of these appeals changes.

St. Louis County Fairgrounds (Sections 3, 6, 7)

The bill allows the county of St. Louis to appropriate \$2,000 to maintain more than one county fair, as designated by the county board. In addition, land and buildings used exclusively as the site for a county or community fair in St. Louis County is exempt from property taxation. Effective for taxes payable 2012 and thereafter.

- The bill clarifies the exempt status of fairgrounds facilities in St. Louis County. There are several fairgrounds facilities in St. Louis County, including those in Hibbing, Chisholm, and Proctor.
- The facilities would remain exempt.

Anoka County Bonding Authority (Sections 8)

The bill would provide bonding authority for Anoka County to finance costs of public safety improvements. Any bonds issued under the proposal would require approval of the Anoka County Joint Law Enforcement Council. The authority would expire on January 1, 2023.

- The expanded bonding authority for Anoka County public safety improvements is assumed to have no state cost impact. The county has the option to levy for the cost of the project in the overall county levy under current law.

EXPLANATION OF THE BILL & REVENUE ANALYSIS DETAIL (continued)

City of Sauk Rapids TIF (Section 9)

The bill allows the city of Sauk Rapids to include two parcels in a tax increment financing (TIF) district if they have been withdrawn from MS 273.111 (Green Acres Law) by June 30, 2011.

Effective following local approval.

- The proposed exemptions to the general TIF provisions may have an impact on the local tax base and tax rate in the future and may result in a small increase in property tax refunds paid by the state.

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

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