MINNESOTA · REVENUE

March 20, 2012

**PROPERTY TAX**
**Exemption for Certain Land-Banked Property**

| | Yes | No |
|---|---|---|
| **DOR Administrative Cost/Savings** | | X |

Department of Revenue
Analysis of S.F. 1977 (Higgins) / H.F. 2424 (Mullery) as introduced

| | Fund Impact | | | |
|---|---|---|---|---|
| | **FY2012** | **FY2013** | **FY2014** | **FY2015** |
| | | (000's) | | |
| Property Tax Refunds | $0 | $0 | (negligible) | (negligible) |

Effective for assessment year 2012 and thereafter, and for taxes payable 2013 and thereafter.

The bill exempts property owned by a supporting organization of government and held as land-banked property. A supporting organization of government is one which is a 501(c)(3) nonprofit organization, has a specified composition of board members, and is a limited liability company. Land-banked property is that which is vacant land or unoccupied buildings, is located in the area of North Minneapolis affected by the May 22, 2011 tornado (Presidential Disaster Declaration FEMA-1990-DR), and is acquired and held by the supporting organization of government for future development. Individual parcels may not be exempt for more than 5 years, and no more than 50 properties may be exempt at any one time. The exemptions expire with taxes payable in 2018.

The proposed modifications to exemption provisions would have an impact on the local tax base and tax rate in the future. Taxes would shift from exempted non-homestead properties to homesteads, resulting in a small change in property tax refunds paid by the state.

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

| | | |
|---|---|---|
| *Transparency, Understandability, Simplicity & Accountability* | Decrease | Simplicity of system decreased with addition of a new program for one city. |
| *Efficiency & Compliance* | Neutral | |
| *Equity (Vertical & Horizontal)* | Neutral | |
| *Stability & Predictability* | Neutral | |
| *Competitiveness for Businesses* | Neutral | |
| *Responsiveness to Economic Conditions* | Neutral | |

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

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

sf1977(hf2424)_pt_1/lam