

MINNESOTA • REVENUE

PROPERTY TAX

Economic Development Exemption Extension

March 14, 2012

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of S.F. 2436 (Pederson) / H.F. 2849 (Banaian) as introduced

Under current law, the holding of property by a jurisdiction for later resale for economic development purposes is exempt from property taxation for up to 9 years, and up to 15 years for property located in a city of less than 5,000 population outside the seven county metropolitan area. The bill allows all such property to be held for up to 15 years. Effective for assessment year 2012 and thereafter, and for taxes payable 2013 and thereafter.

The proposed modifications to exemption provisions may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

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

Transparency, Understandability, Simplicity & Accountability Increase Simplification of economic development exemption rules

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

sf2436(hf2849)_pt_1/lam