MINNESOTA · REVENUE

Revised

March 26, 2013

PROPERTY TAX
Minneapolis Professional Basketball Arena Property Tax Exemption

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of S.F. 1194 (Champion) / H.F. 1508 (Dehn, R.) as introduced

	Fund Impact			
	FY2014	**FY2015**	**FY2016**	**FY2017**
	(000's)			
Property Tax Refunds	$0	($120)	($130)	($260)

Effective following local approval.

EXPLANATION OF THE BILL

The bill exempts real or personal property acquired, owned, leased, controlled, used, or occupied by the city of Minneapolis for the primary purpose of an arena for a professional basketball team from ad valorem property taxes. The property is subject to special assessments for local improvements in proportion to benefits received. Leased property related to the operation of the arena or parking is exempt regardless of the length of lease. Real property used for other residential, business, commercial purposes, including restaurants open more that 200 days per year, is not exempt.

REVENUE ANALYSIS DETAIL

- According to the Minneapolis Assessor's Office, the Target Center facility has a market value of $31 million. (Currently in a TIF district scheduled to decertify for taxes payable 2014)
- It is assumed that the value would double by payable 2016, when renovations are complete.
- Property taxes would shift from newly exempt property to other property types, including homesteads.
- As a result of property taxes shifting onto homesteads, property tax refunds would increase by an estimated $120,000 in FY 2015, $130,000 in FY 2016, and $260,000 in FY 2017.

Source: Minnesota Department of Revenue
Property Tax Division - Research Unit
www.revenue.state.mn.us/research_stats/
pages/revenue-analyses.aspx

sf1194(hf1508)_pt_2/lam

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

Transparency, Understandability, Simplicity & Accountability	Decrease	Additional type of exemption
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.