MINNESOTA · REVENUE

April 08, 2013

PROPERTY TAX

Exempt Property Held for Economic Development

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of H.F. 1675 (Barrett) / S.F. 1554 (Nienow) as introduced

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

Effective for assessment year 2013 for taxes payable 2014, and thereafter.

EXPLANATION OF THE BILL

The bill changes the property tax exemption for property held by political subdivisions for economic development purposes. Metro counties are added, and the size threshold is increased from 5,000 population to 20,000 population.

REVENUE ANALYSIS DETAIL

- An unknown number of additional properties would become exempt while held for redevelopment.
- The proposal would shift property taxes from exempt properties to homeowners, thereby increasing property tax refunds by an unknown amount beginning in FY 2016 and thereafter.

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

Transparency, Understandability, Simplicity & Accountability	Neutral
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
www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx

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