

PROPERTY TAX
House Omnibus Tax Bill
Articles 4-9, 15-16

May 8, 2018

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

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue

Analysis of H.F. 4385 (Davids), 3rd Engrossment, Articles 4-9, 15-16

	Fund Impact			
	<u>F.Y. 2018</u>	<u>F.Y. 2019</u>	<u>F.Y. 2020</u>	<u>F.Y. 2021</u>
	(000's)			
<u>Article 4: Property Tax</u>				
Historical Society Expenditures for Cities/Towns	\$0	\$0	\$0	\$0
Ag Historical Society Exemption	\$0	\$0	(negligible)	(negligible)
Child Care Facility Exemption	\$0	\$0	(negligible)	(negligible)
Ag Homestead for Business Entities				
Property Tax Refund Interaction	\$0	\$0	(\$100)	(\$100)
Ag Homestead Market Value Credit	\$0	\$0	(\$230)	(\$230)
Ag Homesteads Owned by Trusts				
Property Tax Refund Interaction	\$0	\$0	(negligible)	(negligible)
Ag Homestead Market Value Credit	\$0	\$0	(negligible)	(negligible)
Homestead Percentage Modified for Partial Homesteads				
Property Tax Refund Interaction	\$0	\$0	unknown	unknown
Ag Homestead Market Value Credit	\$0	\$0	unknown	unknown
Homestead Resort Classification	\$0	\$0	(\$5)	(\$5)
Classification of Land Used for Environmental Benefits				
Property Tax Refund Interaction	\$0	\$0	(negligible)	(negligible)
Ag Homestead Market Value Credit	\$0	\$0	(negligible)	(negligible)
Classification of Certain Holding Ponds				
Property Tax Refund Interaction	\$0	\$0	(negligible)	(negligible)
Ag Homestead Market Value Credit	\$0	\$0	(negligible)	(negligible)
Retreat Homes/Craft Houses Classification	\$0	\$0	(negligible)	(negligible)
Exclusion for Veterans with a Disability Modified				
PTR Interaction – Due Date Change	\$0	\$0	\$600	negligible
PTR Interaction – Transfer Allowed	\$0	\$0	\$60	\$70

Certain Pipelines Exempted from State Levy				
State General Levy	\$0	\$0	(negligible)	(\$10)
Income Tax Interaction	\$0	\$0	\$0	negligible
Medical Facilities in Underserved Areas Exempted from State Levy				
State General Levy	\$0	(negligible)	(\$9)	(\$15)
Income Tax Interaction	\$0	\$0	negligible	negligible
Tax Forfeited Land Sale Requirements Modified	\$0	\$0	\$0	\$0
Border City Enterprise Zone Clarification of Restrictions	\$0	\$0	\$0	\$0
Ag Preserves Termination for Parks or Trails	\$0	\$0	\$0	\$0
Housing and Redevelopment Levy Authority Extended	\$0	\$0	\$0	\$0
Abatement for Nonprofit Mental Health Center				
State General Levy	(negligible)	(negligible)	\$0	\$0
Income Tax Interaction	\$0	negligible	\$0	\$0

Article 5: Property Tax Reform

Residential Classification Consolidation				
Property Tax Refund Interaction	\$0	\$0	\$0	(\$1,510)
Property Tax Refund – Manufactured Homes	\$0	\$0	\$0	(\$180)
Property Tax Refund – Blind/Disabled Homes	\$0	\$0	\$0	(\$4,550)
Due Dates Modified	\$0	\$0	\$0	\$0
School Property Tax Reform Working Group	\$0	\$0	\$0	\$0

Article 6: Aids and Credits

Senior Deferral Modified, Reconsideration Provided	\$0	\$0	\$0	\$0
LGA Adjustment – Hermantown	\$0	(\$97)	\$0	\$0
LGA Adjustment – Lilydale	\$0	(\$150)	\$0	\$0
LGA Shift	\$0	(\$13,984)	\$13,984	\$0

Lake Mille Lacs Aid and Refunds

Mille Lacs Property Tax Abatement	\$0	(\$1,100)	\$0	\$0
Mille Lacs State Levy Refund	\$0	(\$300)	\$0	\$0
Income Tax Interaction	\$0	\$50	\$0	\$0
Repeal Minneapolis Debt Service Aid	\$0	\$4,120	\$4,120	\$4,120
Property Tax Refund Interaction	\$0	\$0	(\$100)	(\$100)
Income Tax Interaction	\$0	\$0	(\$80)	(\$80)

Article 7: Referendum

Standardized Referendum Dates	\$0	\$0	unknown	unknown
Notice and Referendum for Use of Public Utility License/Fees				
Property Tax Refund Interaction	\$0	\$0	(unknown)	(unknown)
Income Tax Interaction	\$0	\$0	(unknown)	(unknown)
Reverse Referendum for Qualified Leases	\$0	\$0	unknown	unknown

Article 8: Miscellaneous

Rail Project Restrictions	\$0	\$0	\$0	\$0
Taconite Municipal Aid Modified	\$0	\$0	\$0	\$0
Taconite Economic Development Fund Modified	\$0	\$0	\$0	\$0
Bond Allocation Act Modified	\$0	\$0	\$0	\$0
Bloomington TIF	\$0	\$0	\$0	\$0
Melrose Fire Remediation Grants Modified	\$0	\$0	\$0	\$0
SFIA Trail Clarification	\$0	\$0	\$0	\$0
One-Time Transfer of Taconite Funds	\$0	\$0	\$0	\$0
Minneapolis TIF	\$0	\$0	\$0	\$0
Champlin TIF	\$0	\$0	\$0	\$0
Mazeppa Fire Remediation Grants	\$0	\$5	\$0	\$0

Article 9, 15-16: Department Policy and Technical Provisions

Policy and Technical Provisions	\$0	\$0	\$0	\$0
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General Fund Total	\$0	(\$11,456)	\$18,240	(\$2,590)
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Various Effective Dates

***Non-General Fund Impacts**

Taconite Environmental Protection Fund

Modifications to Municipal Aid	\$0	\$0	(\$408)	(\$545)
Modify Pellet Chips and Fines TEDF Credit	\$0	\$0	\$413	\$419

Douglas J. Johnson Economic Protection Fund

Modifications to Municipal Aid	\$0	\$0	(\$382)	(\$481)
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Taconite Municipal Aid Account

Modifications to Municipal Aid (from TEPF and DJJ)	\$0	\$0	\$790	\$1,026
Distributions to Municipalities	\$0	\$0	(\$790)	(\$1,026)

Taconite Economic Development Fund

Modify Pellet Chips and Fines TEDF Credit	\$0	\$0	(\$413)	(\$419)
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Taconite Property Tax Relief Account

One-Time Transfer to IRRR Account	\$0	(\$3,211)	\$0	\$0
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Iron Range Resources and Rehabilitation Account

One-Time Transfer from TPTR Account	\$0	\$3,211	\$0	\$0
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REVENUE ANALYSIS DETAIL

Article 4: Property Tax

Historical Society Expenditures Authorized for Cities and Towns (Section 1)

The effective date is the day following final enactment.

Under current law, cities and towns may levy up to 0.02418 percent of their estimated market value (EMV) for their respective county historical societies. The bill would allow cities and towns to appropriate that money for not just their county historical societies, but also their own city/town historical societies. Historical societies must be affiliated with the Minnesota Historical Society.

- This provision would have no impact on the state general fund. It is assumed that any additional money levied as a result of the bill would be shifted away from other levies.

Agricultural Historical Society Exemption Increased (Section 2)

The effective date is beginning with assessment year 2018.

Under current law, property owned by a 501(c)(3) agricultural historical society is exempt from property taxes if:

1. the property is primarily used for storing and exhibiting tools, equipment, and artifacts relating to local or regional agricultural history;
2. the property is not used for a revenue-producing activity for more than ten days in each calendar year;
3. the property is not used for residential purposes on either a temporary or permanent basis; and
4. the exemption (which includes land, buildings, and personal property) is limited to no more than 20 acres per owner per county.

Under the bill, the maximum acreage eligible for the exemption would be increased from 20 acres to 40 acres.

- It is estimated that approximately 10 parcels would receive a larger exemption due to the higher acreage limit.
- For taxes payable in 2019 and thereafter, the larger exemption would reduce the amount of taxable market value on these parcels, shifting property taxes away from the exempted property and onto all other property, including homesteads.
- The additional property tax burden on homesteads caused by the larger exemption would increase state-paid homeowner refunds by less than \$5,000 beginning in fiscal year 2020.
- Tax year impact is allocated to the following fiscal year.

Child Care Facilities Part of a Church Mission Exempted (Section 3)

The effective date is beginning with assessment year 2018, for taxes payable in 2019.

Under the bill, property used as a licensed child care facility would be exempt from property taxes if the facility:

1. is licensed under Minnesota Rules, chapter 9503, or is used to provide licensed family day care or group family day care as defined under Minnesota Rules, chapter 9502;
 2. accepts families participating in the child care assistance program under chapter 119B; and
 3. is owned and operated as part of their mission by a church organization that qualifies for tax exemption under section 272.02, subdivision 6.
- At a minimum, property used by Precious Little Blessings Daycare in the city of Glencoe would be eligible for the exemption. However, it is possible that other facilities would qualify for the exemption.
 - According to the Department of Human Services, there are more than 1,000 licensed child care centers that are registered to accept families participating in the child care assistance program (CCAP).
 - It is unknown how many of these facilities are owned and operated as part of their mission by a church organization.
 - It is also unknown how many of these CCAP-registered facilities are currently providing care to children that receive assistance through the program.
 - It is assumed that approximately 5 facilities would qualify for the exemption.
 - For taxes payable in 2019 and thereafter, a property tax exemption would reduce the amount of taxable market value, shifting property taxes away from exempted child care facilities and onto all other property, including homesteads.
 - The additional property tax burden on homesteads caused by the exemption would increase state-paid homeowner refunds by less than \$5,000 beginning in fiscal year 2020.
 - The exemption from the state property tax levy would have no impact on state revenues in payable year 2019 and thereafter because the tax rates would be adjusted to yield the amount of revenue required by statute. The tax reduction for a child care facility would be shifted onto the other commercial and industrial properties subject to the state levy.

Agricultural Homestead Classification for Business Entities Provided (Sections 4-5)

The effective date is beginning with assessment year 2018.

Under current law, a business entity that farms on behalf of a separate entity does not receive agricultural homestead classification.

The bill would extend agricultural homestead classification to properties owned by one entity and operated by another entity if they meet the following requirements:

1. The shareholder, member, or partner residing on and actively engaged in farming the land is a shareholder, member, or partner of the entity that is operating the farm;
 2. Each shareholder, member, or partner of the entity operating the farm is also a shareholder, member, or partner of the entity that owns the land; and
 3. A majority of the shareholders, members, or partners of each entity are related to each other within a second degree of kindred.
- It is assumed that one percent, or approximately \$500 million, of 2a and 2b non-homestead land value statewide would qualify as 2a homestead agricultural land under the bill. The

classification rate for these properties would change from 1.00% to 0.50% for the first \$1.94 million of value and 1.00% for the remaining value.

- The bill would cause a shift in property taxes away from properties newly qualifying as agricultural homestead and onto all other properties, including homesteads.
- The shift in taxes onto homesteads would cause property tax refunds paid by the state to increase by \$100,000 beginning in fiscal year 2020.
- The bill would also increase the number of properties eligible for the agricultural homestead market value credit, increasing the credit by \$230,000 beginning in fiscal year 2020.

Agricultural Homestead Rules Modified for Properties Owned by Trusts (Sections 5-6)

The effective date is beginning with taxes payable in 2019.

Under current law, property cannot qualify for special agricultural homestead treatment unless all of the property is under the same ownership. Portions of an agricultural homestead can be disqualified for homestead treatment if some property is owned by an individual (or trust of which the individual is a grantor) and a portion of the property is owned by a trust of which a deceased spouse was the grantor and the individual has limited interest.

The bill allows property to qualify as a special agricultural homestead when all or a portion of the property is owned by a trust for which a deceased or surviving spouse was the grantor.

- It is assumed that a small number of properties would be directly impacted by the bill.
- The bill would cause a shift in property taxes away from properties newly qualifying for special agricultural homestead and onto all other properties, including other homesteads.
- As a result of property taxes shifting onto homesteads, property tax refunds paid by the state would increase by a negligible amount beginning in fiscal year 2020.
- The bill would also increase the number of properties eligible for the agricultural homestead market value credit, increasing the credit by a negligible amount beginning in fiscal year 2020.

Homestead Percentage Modified for Partial Homesteads (Sections 7, 12-13)

The effective date is beginning with taxes payable in 2019.

Under current law, the homestead share of a property for a partial homestead parcel is based on the number of owners. Each owner receives equitable distribution for homestead, homestead market value exclusion, and agricultural homestead market value credit purposes.

The bill would change how homestead share is determined for partial homesteads. Under the bill, properties that are receiving a partial homestead due to one of the owners not meeting the requirements for homestead would receive a percentage of homestead based on their ownership interest in the property rather than a percentage based on the number of owners.

- There are approximately 20,000 agricultural homestead and residential homestead parcels statewide that include both homestead and non-homestead property.
- According to a January 2018 survey by the Minnesota Association of Assessing Officers (MAAO), approximately 10% of fractional homesteads have ownership interests that are not equal. (This survey question was answered by 24 counties.)

- The actual ownership interest for partial homestead properties statewide is unknown. Therefore, the share of homestead property that would become non-homestead, and vice versa, under the bill is unknown.
 - Properties receiving a larger share of homestead under the bill would have a lower classification rate.
 - Properties receiving a smaller share of homestead under the bill would have a higher classification rate.
- Property taxes would shift away from properties receiving a larger share of homestead under the bill and onto all other properties, including other homesteads. Property taxes would also shift onto properties receiving a smaller share of homestead under the bill and away from all other properties, including other homesteads.
- The shift in taxes onto/away from homesteads would cause property tax refunds paid by the state to change by an unknown amount beginning in fiscal year 2020.
- The bill would change the amount of market value eligible for the agricultural homestead market value credit, changing the credit by an unknown amount beginning in fiscal year 2020.

Homestead Resort Classification Requirements Modified (Section 8)

The effective date is beginning with taxes payable in 2019.

Under current law, in order to qualify for homestead resort classification, a portion of a property must be used as a homestead (dwelling) by the owner. The dwelling can be occupied as a homestead by an owner as sole proprietor, a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by a corporation, partnership, or limited liability company.

The bill expands ownership qualifications for homestead resort classification. Specifically, it expands the allowed ownership of the homestead to include a shareholder of a corporation who owns the resort, a partner in a partnership who owns the resort, or a member of a limited liability company who owns the resort.

- It is assumed that approximately \$25 million of market value would change from seasonal residential recreational commercial (resort) classification to homestead resort classification.
- The change in classification would decrease the class rate for these properties from 1.0% or 1.25% for resort property to 0.5%, 1.0%, or 1.25% for homestead resorts, depending on the property's market value. The classification change would reduce the property's state tax liability. A decrease in the class rate would also decrease local property taxes paid, shifting taxes away from these properties.
- Taxes would be shifted onto all other property, including homesteads. An increase in property taxes on homestead property would result in an increase of \$5,000 in property tax refunds paid by the state.

Land Used for Environmental Benefits Classification Modified (Section 9)

The effective date is beginning with assessment year 2018.

Under current law, land that is used for agricultural purposes, as defined in statute, is classified as 2a agricultural land.

The bill expands the definition of agricultural purposes to include land used for environmental benefits, such as buffer strips, retention ponds, or old growth forest restoration. In order to qualify as an agricultural purpose, the land area cannot exceed the greater of three acres or ten percent of the total land area. Under the bill, this land would be classified as 2a agricultural land.

- Under the bill, land used for environmental purposes would qualify as 2a homestead or non-homestead agricultural land. Depending on the land's current classification, land qualifying as 2a homestead agricultural land under the bill may receive a lower class rate than it has under current law.
- It is assumed that a small number of properties would receive a reduced class rate under the bill.
- The bill would cause a shift in property taxes away from properties newly qualifying as agricultural and onto all other properties, including homesteads.
- The shift in taxes onto homesteads would cause an increase in state-paid property tax refunds by less than \$5,000 beginning in fiscal year 2020.
- The bill would also increase the market value eligible for the agricultural homestead market value credit, increasing the credit by a negligible amount beginning in fiscal year 2020.

Classification of Property Used for Holding Ponds (Section 9)

The effective date is beginning with assessment year 2018.

Under current law, land that is used for agricultural purposes, as defined in statute, is classified as 2a agricultural land.

The bill expands the definition of agricultural purposes to include land consisting of a holding pond designed to prevent runoff onto a divided four-lane expressway that is outside the metropolitan area. The land has to have been classified as agricultural for assessment year 2017. The land would need to be certified by the local soil and water conservation district and be in accordance with USDA Field Office Technical Guide conservation practice standards.

- It is assumed that at least one property would qualify as homestead agricultural land under the bill and receive a classification rate of 0.50% for the first \$1.94 million of value and 1.00% for remaining value.
- The bill would cause a shift in property taxes away from properties newly qualifying as agricultural and onto all other properties, including homesteads.
- The shift in taxes onto homesteads would cause an increase in state-paid property tax refunds by less than \$5,000 beginning in fiscal year 2020.
- The bill would also increase the market value eligible for the agricultural homestead market value credit, increasing the credit by less than \$5,000 beginning in fiscal year 2020.

Classification of Retreat Homes and Craft Houses (Section 10)

The effective date is beginning with taxes payable in 2019.

Under current law, a number of requirements must be met in order to qualify for seasonal residential recreational commercial (resort) classification. Some of these requirements include, but are not limited to: being devoted to temporary and seasonal residential occupancy for recreation purposes for less than 250 days a year, containing three or more rental units, providing activities, and having 40% of annual gross lodging receipts come from business conducted during 90 consecutive days.

The bill would expand these qualifications to allow retreat homes and craft houses to qualify for resort classification. In order to qualify as a resort, the facility cannot have more than five sleeping rooms, must provide an area to prepare meals, and must provide an area to conduct indoor craft or hobby activities.

- Under this bill, some properties that are currently classified as commercial would be reclassified as resort property. These properties would have their classification rate decreased from 1.50% for the first \$150,000 of value and 2.00% for remaining value to a classification rate of 1.25%.
- It is assumed that some scrapbook and craft retreats, bed and breakfasts that don't meet the owner occupancy requirement for property tax purposes, and vacation home rentals would be reclassified under the bill and receive a reduced classification rate.
- The bill would cause a shift in property taxes away from properties newly qualifying as resorts and onto all other properties, including homesteads.
- As a result of property taxes shifting onto homesteads, property tax refunds paid by the state would increase by less than \$5,000 beginning in fiscal year 2020.
- Some properties that change classification under the bill would either no longer pay state general property tax or would pay less state general property tax. This would shift state general tax onto other commercial-industrial properties.

Exclusion for Veterans with a Disability Modified (Section 11, Article 8 Sections 5, 8)

The effective date for section 11 is beginning with assessments in 2018, for taxes payable in 2019.

The effective date for Article 8, sections 5 and 8 is the day following final enactment.

Under current law:

1. The homestead of a veteran with a disability becomes eligible for a valuation exclusion in the current assessment year if the application is received by July 1. For applications received after July 1, the exclusion becomes effective for the following assessment year; and
2. When a veteran who had a 100 percent and permanent disability dies, the surviving spouse is allowed to receive the exclusion for the year in which the veteran died and for eight additional taxes payable years, provided that the surviving spouse holds legal or beneficial title to the homestead and resides there; however, a surviving spouse no longer qualifies for the exclusion if the spouse remarries, ceases to use the property as a permanent residence, or sells, transfers, or otherwise disposes of the property.

Under the bill:

1. The due date for applications would be changed to December 15, and all approved applications filed by December 15 would receive the exclusion for the current assessment year; and

2. The general requirements for surviving spouses regarding remarriage, ownership, and residency would remain; however, a surviving spouse would be allowed a once-per-lifetime transfer of the exclusion to a different property, provided that on the date of sale of the original property, the estimated market value of the new property is less than or equal to the estimated market value of the property that originally received the exclusion. The total number of years that a surviving spouse is allowed to receive the exclusion would still be limited to eight taxes payable years.

Article 8, sections 5 and 8 would allow the county veterans service officer and the assessor to exchange data needed for determining a person's eligibility for the exclusion.

Application due date changed to December 15:

- The bill would allow veterans or surviving spouses who move after July 1 to reapply for the exclusion in the same assessment year as the move occurred.
- In addition, the later application date would allow newly eligible veterans to apply after July 1 of the current year and receive the exclusion for the current assessment year, rather than the following assessment year (as under current law).
- Changing the application deadline for the exclusion creates a shift in net state savings due to property tax refund interactions.
 - The main impact occurs in the initial fiscal year. A portion of the state-paid property tax refund that under current law is saved in one fiscal year would now be shifted into the previous fiscal year.
 - The impact of the shift in subsequent years is the difference between forecasted refund savings under current law and the effect of shifting those amounts into the previous fiscal year.
 - The first year the state general fund would be impacted under the bill would be for applications filed in 2018 for taxes payable in 2019 (state-paid property tax refunds in fiscal year 2020).
- It is assumed that approximately 2,000 applications would be received in calendar year 2018, and that about half of the applications would be filed between July 2 and December 15.
 - Approximately 14,800 parcels received the exclusion for taxes payable in 2017, while approximately 15,400 parcels received the exclusion for taxes payable in 2018. This is a net increase of about 600 parcels. However, from taxes payable 2017 to taxes payable 2018, more than 1,400 parcels ceased receiving the exclusion, while more than 2,000 parcels began receiving the exclusion.
- Beginning with taxes payable in 2019, the later application deadline would result in a net savings to the state due to a reduction in property tax refunds paid to veteran homesteads. The average savings per homestead (with either a 70% or a 100% disability rating) is an estimated \$560, assumed to grow annually at a 3% rate.
- At the same time, the bill would shift an estimated \$2 million in property tax (for taxes payable in 2019) onto all other property types, including other homesteads. This would increase homeowner property tax refunds. The overall property tax refund savings to the state is net of these costs.
- Under the bill, an estimated \$600,000 of property tax refund savings currently projected for fiscal year 2021 would shift into fiscal year 2020.
- For subsequent years (beginning in fiscal year 2021) the net impact on the state general fund is estimated to be less than \$5,000.

Surviving spouse one-time transfer of exclusion to a different property:

- It is estimated that 5% of surviving spouse homeowners move each year.
- For surviving spouses that moved prior to calendar year 2018, a participation rate of 25% is assumed.
- For surviving spouses moving in calendar year 2018 or later, a participation rate of 50% is assumed.
- It is estimated that approximately 100 surviving spouses would benefit from the bill in taxes payable 2019.
- Beginning with taxes payable in 2019, the transfer of the exclusion would result in a net savings to the state due to a reduction in property tax refunds paid to veteran homesteads. The average savings per homestead with a 100% disability rating is an estimated \$570, assumed to grow annually at a 3% rate.
- At the same time, the bill would shift an estimated \$210,000 in property tax (for taxes payable in 2019) onto all other properties, including other homesteads. This would increase homeowner property tax refunds. The overall property tax refund savings to the state is net of these costs.
- Under the bill, an estimated \$60,000 in property tax refund amounts would be saved by the state in fiscal year 2020.
- Tax year impacts are allocated to the following fiscal year.

Certain Pipelines Exempted from the State Levy (Section 14)

The effective dates is beginning with taxes payable in 2020.

Under current law, the state general levy for commercial-industrial property is \$784,590,000 and is paid for by specified commercial-industrial property, except the first \$100,000 of market value.

The bill would exempt personal property that is part of an intrastate natural gas transportation or distribution pipeline system from state general property tax if it meets certain qualifications. These qualifications include: construction began after January 1, 2018, the property is located outside the metropolitan area, and the property is located in an area in which households or businesses lacked access to natural gas distribution before January 1, 2018. The exemption could not apply for more than 12 years. The net tax capacity for this property would still be included in the commercial-industrial tax capacity used to calculate the state general levy tax rate.

- As of assessment year 2018, there are no properties that would qualify for the state levy exemption under the bill. However, properties that are a part of a gas pipeline project would be exempt once construction begins in a qualifying area.
- It is assumed that one gas pipeline system will be partially constructed by assessment year 2019 for taxes payable in 2020. Because it is assumed the system will not be fully constructed by taxes payable 2020 (the effective date of this bill), there would be additional state general levy impacts outside the forecast window due to the property's increase in value as construction is completed.
- By exempting certain properties from the state levy, state revenues would be reduced by a negligible amount in fiscal year 2020 and \$10,000 in fiscal year 2020.
- Lower property taxes would reduce deductions on corporate and individual income tax returns, increasing state tax collections by less than \$5,000 beginning in fiscal year 2021.

- Additional gas pipeline system properties may receive the state general tax exemption in the future.

Medical Facilities in Underserved Areas Exempted from the State Levy (Sections 15, 18-21)

The effective dates is beginning with taxes payable in 2019.

The bill would abate the state general levy for qualifying medical facilities. In order to receive the abatement, medical facilities would need to meet the following requirements:

1. The facility must be a medical clinic, birth center, hospital, urgent care clinic, or outpatient surgical center;
2. The facility must be in a county that has either a "medically underserved area" or "medically underserved population" as determined by the federal secretary of health and human services located in it;
3. The facility cannot be located in a metropolitan county;
4. Both the county and city/town are abating local property taxes on the facility for at least 15 years; and
5. At least one governing body must provide a resolution declaring the facility addresses an underserved need for medical services in the area.

State general levies would be abated for 15 years. The net tax capacity of the state levy would not change.

- Medical facilities in 20 counties would not be eligible for this abatement: Anoka, Carver, Chippewa, Crow Wing, Dakota, Douglas, Goodhue, Hennepin, Isanti, Kanabec, Kandiyohi, Lake, Le Sueur, Olmsted, Pennington, Ramsey, Scott, Steele, Stevens, and Washington.
- Data from the Department of Employment and Economic Development quarterly census of employment and wages estimates there are 1,100 private for-profit medical facilities in the qualifying counties (dental offices were not included). Note: Publicly owned and non-profit facilities are already exempt from property tax.
- In greater Minnesota 45% of commercial businesses pay the state general levy tax. The median state general levy paid by these commercial properties is \$1,200.
- It is assumed that, over the next five years, 55 current or new medical facilities will receive the proposed abatement of the state general property tax levy.
- The state general levy would decrease by \$6,000 in taxes payable 2019, \$12,000 in payable 2020, and \$18,000 in payable 2021. These numbers have been converted to fiscal years for the purposes of this estimate.
- Lower property taxes would reduce deductions on corporate and individual income tax returns, increasing state tax collections by less than \$5,000 beginning in fiscal year 2020.

Tax-Forfeited Land Sale Requirements Modified (Section 16)

The effective date is the day following final enactment.

Under current law, the purchase price of tax-forfeited property must be paid in full before the state will issue a deed for the property.

Under the bill, a deed would also be issued to the county auditor for mortgage-financed sales of tax-forfeited property before closing of the sale has occurred, with the following requirements:

1. For a deed to be issued under these circumstances, the county auditor would approve the sale based upon a written commitment from a licensed closing agent, title insurer, or title insurance agent that the funding of the purchase is held in an escrow account and available for disbursement upon receipt of the deed.
 2. The county auditor would hold the deed until it is requested by a licensed closing agent, title insurer, or title insurance agent to settle and close on the purchase of the property. If not requested within 30 days, the county auditor would return the deed to the state for cancellation.
 3. If the deed is delivered to a licensed closing agent, title insurer, or title insurance agent, but the closing does not occur within 10 days, the deed would be returned to the county auditor, who, upon receipt, would return the deed to the state for cancellation.
- The bill may have an impact on the sales of tax-forfeited property.
 - It is assumed that there would be no impact on the state general fund.

Border City Enterprise Zone Clarification of Restrictions (Section 17)

The effective date is the day following final enactment.

The bill clarifies language restricting what types of property can qualify for border city enterprise zone tax reductions.

- There would be no impact to the state general fund.

Agricultural Preserves Termination Allowed for Parks or Trails (Sections 22-24)

The effective date is the day following final enactment.

Under current law, agricultural preserve status is allowed to expire no earlier than eight years after notice has been given by either the landowner or the local authority for planning and zoning.

Under the bill, agricultural preserve status would expire immediately if a state agency or other governmental unit purchases the property or obtains an easement over the property for the purpose of creating or expanding a public trail or park. However, agricultural preserve status would expire only on the portion of the property that is acquired for trail or park purposes.

The bill would apply only to agricultural preserve land in the seven-county metropolitan area.

- If a state agency or other governmental unit purchases the property, the property would become exempt and removing the land's status as an agricultural preserve would have no impact on property taxes.
- If a state agency or other governmental unit obtains an easement over a portion of the property, it is assumed that the property would receive the same valuation assessment as under current law, and that the property would continue to receive the same amount of agricultural preserve credit as under current law.
- It is assumed that there would be no impact on the state general fund.

Levy Authority Extended for Northwest Minnesota Multicounty Housing and Redevelopment Authority (Section 25)

The effective date is beginning with taxes payable in 2019.

Under current law, the Northwest Minnesota Multicounty Housing and Redevelopment Authority (HRA) is a special taxing district operating in Kittson, Polk, Marshall, Pennington, Red Lake and Roseau counties. Levy amounts are limited to 0.0185 percent of the taxable market value within the district. The HRA authority to levy without approval by the governing bodies of the above counties and their cities is 25 percent of the total permitted amount. The 25 percent levy authority provision expires after taxes payable 2019.

The bill would authorize the Northwest Minnesota Multicounty House and Redevelopment Authority to levy 25 percent of the total permitted amount without the approval of counties and cities through taxes payable 2024.

- There would be no assumed state revenue impact. Increasing the special taxing district levy authority causes an equal reduction in its governing bodies levy authority, so the net change in levy authority is zero.

Property Tax Abatement for Nonprofit Medical Health Center (Section 26)

The effective date is for taxes payable in 2018.

The bill would abate payable 2018 property taxes for property that is located in a first class city, contains a structure between 9,000 and 10,000 square feet that was originally built in 1937, is owned by a nonprofit organization, and is developed and operated as a nonprofit community health center.

- It is assumed that one property and the attached parking lot owned by the Human Development Center in the city of Duluth would be eligible for an abatement of its payable 2018 property taxes.
- Because this property is classified as commercial under current law, the abatement of 2018 property taxes would include an abatement of both local taxes and state general taxes.
- The abatement of state general taxes would reduce state general levy collections by less than \$5,000 for taxes payable 2018. This number has been converted to fiscal years for the purpose of this estimate.
- Lower property taxes would reduce deductions on income tax returns, increasing state tax collections by less than \$5,000 beginning in fiscal year 2019.

Article 5: Property Tax Reform

Residential Property Classes Consolidated (Sections 1-2, 7, 9-10, 12-14, 17, 19-24, 26, 28, 30-33, 38-39)

The effective date is beginning with taxes payable in 2020.

The bill makes a number of changes to the classification of certain residential homestead and residential non-homestead property. The bill would consolidate a number of residential homestead and non-homestead property classifications from class 1, class 2, and class 4 into class 1 residential, with a class rate of 1.00% for the first \$500,000 of market value and 1.25% for any remaining value.

In addition, the bill would make changes to property tax refunds. The bill would allow manufactured home park cooperative residents to include 17% of the rent paid for their site rental in the determination of property taxes payable for claiming a property tax refund. The bill would also create an additional property tax refund for homeowners who are blind or disabled or their surviving spouses. The refund would equal 0.9 percent of the property's taxable market value with a maximum of \$425.

- The proposed changes in classification and, in turn, class rates would increase net tax capacity for some property types and decreases it for others. The bill would decrease net tax capacity statewide by approximately \$16.7 million.
- The decrease in net tax capacity would shift taxes away from properties receiving a reduced class rate and onto all other properties, including homesteads. The shift in taxes onto homesteads would cause an increase in state-paid property tax refunds by \$1.51 million beginning in fiscal year 2021.
- According to the Northcountry Cooperative Foundation there are seven resident-owned manufactured home park cooperatives in Minnesota that include over 500 units. Under the bill, it is assumed that 125 residents would receive an average property tax refund increase of \$600 beginning in fiscal year 2020. An additional 275 residents are projected to become eligible and receive an average refund of \$400.
- Property classified as 1b under current law would be eligible for the additional refund under the bill. Approximately 12,100 parcels classified as 1b under current law are projected to be eligible and receive an average refund of \$376 beginning in fiscal year 2021.

Due Dates Related to Property Tax Modified (Sections 3-6, 8, 11, 15-16, 18, 25, 27, 29, 34-36)

The effective date is beginning with assessments in 2020.

The bill changes 14 property tax related dates/deadlines in the following areas: state board of equalization, contamination tax, exempt property, open space, agricultural homesteads, residential homesteads, manufactured homes, blind disabled homesteads, local board of appeal and equalization, property tax statements, tax court, and agricultural preserves

The bill provides a one year grace period where any new deadline missed that would have been on time under the old deadline would not result in a missed deadline. (This section adds an additional year to the revenue shifts discussed below).

The bill also requires the commissioner of revenue to notify all affected taxing jurisdictions, property owners, and taxpayers of the new dates by July 1, 2019. The commissioner may not delegate any notification to the counties.

- Deadline changes to the property tax system from this bill may shift participation in some programs.
 - Earlier application deadlines may shift new participation from the initial fiscal year to the following fiscal year.
 - Later application deadlines may shift new participation from the subsequent fiscal year to the initial fiscal year.
- Participation shifts would cause a shift in property taxes both onto and away from residential properties including homesteads.

- Due to this shifting of taxes onto and away from homesteads, property tax refunds paid by the state would change by less than \$5,000 beginning in fiscal year 2023.

School Property Tax Reform Working Group Established (Section 37)

The effective date is the day following final enactment.

The bill establishes a school property tax working group. The goals of the group would be to develop legislative proposals that would:

1. Evaluate the farmland tax burden from the costs of school capital investments;
2. Simplify the tax system used for school district levies;
3. Coordinate interactions with the state general levy; and
4. Accomplish these objectives with optimal levels of state aid and local property tax.

The bill specifies the members of the working group and lays out rules for meetings. The working group would have to make its recommendations on or before January 1, 2019, at which point the group would be disbanded.

- The bill would have no impact on the state general fund.

Article 6: Aids and Credits

Senior Citizens' Property Tax Deferral Modified, Reconsideration Provided (Section 1)

The effective date is beginning with assessment year 2020.

Under current law, applications received prior to July 1 of a calendar year are eligible for a property tax deferral beginning in the following taxes payable year. Applications received on or after July 1 are required to wait an additional taxes payable year before receiving their first property tax deferral (e.g. applications received on or after July 1, 2018, would first be eligible for a property tax deferral beginning with taxes payable in 2020).

The bill would modify the application deadline for the senior citizen property tax deferral program by changing the application deadline from July 1 to November 1. In addition, taxpayers would be able to request early notification of approval or denial to the program. If a taxpayer receives a denial in their request, they may reapply before the deadline.

- Under the bill, applicants filing after July 1 but before November 1 would become eligible for a property tax deferral one year earlier than under current law.
- Changing the application deadline for the senior citizen property tax deferral program creates a shift in state expenditures.
 - The main impact occurs in the initial fiscal year. A portion of the deferral payments that under current law would be paid in one fiscal year are now shifted into the previous fiscal year.
 - The impact of the shift in subsequent years is the difference between forecasted payments under current law and the effect of shifting those amounts to the previous fiscal year.
- The first year impacted under the bill would be applications filed in 2020 for taxes payable in 2021 (state deferral payment in fiscal year 2022).

- Under the bill, an estimated \$70,000 in deferral payments projected to be paid by the state in fiscal year 2023 would now be paid in fiscal year 2022.
- For subsequent years (beginning in fiscal year 2023) the net impact on the state general fund is estimated to be less than \$5,000.

Local Government Aid Adjustment – Hermantown (Sections 2, 5)

The effective date is for aids payable in calendar year 2019.

The bill would increase local government aid (LGA) to a city if:

1. the city's aid decreased by more than \$50,000 between aids payable in 2016 and 2017, and
2. the city's unmet need for aids payable in 2017 exceeded its aid payable in 2016

The one-time aid increase for payable year 2019 only would be equal to the city's decrease in aid between aids payable 2016 and 2017.

- The city of Hermantown would receive an aid increase equal to \$97,260 for aids payable in 2019 only.
- The LGA appropriation is increased by \$97,260 for aids payable in 2019 only, which would increase state general fund costs in fiscal year 2020.

Local Government Aid Adjustment – Lilydale (Sections 2, 5)

The effective date is for aids payable in calendar year 2019.

The bill would increase local government aid (LGA) to the city of Lilydale by \$150,000 for aids payable year 2019.

- The LGA appropriation is increased by \$150,000 for aids payable in 2019 only, which would increase state general fund costs in fiscal year 2020.

Local Government Aid One-Time Payment Shift (Section 3)

The effective date is for aids payable in 2019.

Under current law, cities will receive three installment payments of LGA in payable year 2019 only:

(1) 14.6% on June 15, 2019, (2) 35.4% on the regular first payment date of July 20, 2019, and (3) the remaining 50% on the regular second payment date of December 26, 2019.

The bill would increase the percentage paid on June 15, 2019 to 17.2088%, which reduces the percentage paid on July 20, 2019 to 32.7912%.

- Under current law, shifting 14.6% of the 2019 LGA payments to June 15, 2019 increases state general fund costs in fiscal year 2019 by \$78.022 million and reduce state general fund costs by an equal amount in fiscal year 2020.
- Under the bill, shifting an additional 2.6088% of the 2019 LGA payments to June 15, 2019 would increase state general fund costs in fiscal year 2019 by an additional \$13.984 million and reduce state general fund costs by an equal amount in fiscal year 2020.

Mille Lacs Local Property Tax Abatement, State Tax Refund (Section 6)

The effective date is the day following final enactment.

The bill allows Aitkin, Crow Wing, and Mille Lacs Counties to grant local property tax abatements for taxes payable 2018 if:

1. The property is classified as homestead resort, 3a commercial/industrial (excluding utility real and personal property), seasonal residential recreational commercial (resort), seasonal restaurant on a lake, or marina;
2. The taxpayer submits an application to the county auditor on or by December 31, 2018;
3. The property is located in one of 14 cities or towns that borders or closely borders Lake Mille Lacs;
4. The taxpayer documents a reduction in gross receipts of 5% or greater between two successive calendar years beginning in 2010 or later; and
5. The business is classified under one of the 16 specified industry classifications.

Local property tax abatements would be reimbursed by the state.

The bill mandates Aitkin, Crow Wing, and Mille Lacs Counties refund the state general levy for taxes payable 2018 if a property:

1. Is classified as homestead resort, 3a commercial/industrial (excluding utility real and personal property), or seasonal residential recreational commercial (resort); and
 2. Is located in one of 14 cities or towns that borders or closely borders Lake Mille Lacs.
- Businesses that meet the property classification requirement and geographic requirement are estimated to pay \$1.5 million in local property taxes in 2018.
 - It is assumed 89% of the qualifying local taxes meet the industry requirement.
 - It is assumed 83% of businesses qualify for the gross receipts reduction requirement.
 - The local property tax abatements are estimated to cost the state general fund \$1,100,000 in fiscal year 2019.
 - Businesses that meet the state general levy refund are estimated to pay \$300,000 in 2018.
 - The state levy refunds are estimated to cost the state general fund \$300,000 in fiscal year 2019.
 - The reduced property tax burden would reduce income tax deductions in fiscal year 2019, resulting in a savings to the state general fund.

Repeal Minneapolis Debt Service Aid (Section 7)

The effective date is beginning with aids payable in 2018.

Under current law, the commissioner is required to pay the city of Minneapolis an amount equal to 40% of the levy required to pay general obligation library referendum bonds beginning in payable year 2016. The bill would repeal this aid.

- The savings to the general fund are estimated to be \$4.12 million beginning in payable year 2018.
- It is assumed that the decrease in aid would increase property tax levies beginning in payable year 2019 for a portion of the aid decrease. This would increase property taxes on all property classes, including homesteads.

- The increased property tax burden would increase state paid homeowner property tax refunds and income tax deductions beginning in fiscal year 2020, resulting in a cost to the state general fund.

Article 7: Referendum

Standardized Referendum Dates (Sections 1-3, 5-6, 8-22)

The effective date is August 1, 2018.

This bill makes some procedural changes to property tax referendum elections. Under the bill, counties, cities, and school districts would be restricted to holding certain referendum elections on the first Tuesday after the first Monday in November. Referenda ballot measures dealing with disaster or emergency funding would be exempt.

- Moving referendum spending projects from special election dates to general election dates may affect their passage rates. If passage rates change, levies would change and could affect property tax refunds and income tax deductions by an unknown amount.

Notice and Referendum for Use of Public Utility License/Fees (Section 4)

The effective date is the day following final enactment.

Under current law, a city may impose a fee on public utilities to defray the increased costs they incur from providing government services to the public utility. The bill would limit the fee to a five year duration and require a public notice, a public hearing, and provide a reverse referendum opportunity for residents. Current fees that don't expire before 2023 would be required to go through the same process.

- An unknown amount of reverse referendums would occur due to the bill. This may lead to cities raising their levies an unknown amount to cover the loss in revenue from the fees. Larger cities levies would lead to higher property taxes for property owners.
 - Higher levies would result in higher homeowner property tax refunds, increasing costs to the state general fund.
 - Higher levies would result in higher income tax deductions, decreasing revenues to the state general fund.

Reverse Referendum for Qualified Leases (Section 7)

The effective date is the day following final enactment.

This bill would require counties, cities (with the exception of first class cities), and urban towns to hold a hearing and be subject to a reverse referendum before executing certain leases. The city must hold a public hearing and publish a notice of intention in a local newspaper 14-28 days before the hearing. If voters equal to ten percent of the votes from the previous election sign a petition, the proposed lease is subject to an election and would require approval by a majority those voting in order for the lease to be authorized. Leases subject to these requirements are for property acquired or improved with the proceeds of obligations issued by a housing and redevelopment authority (HRA), economic development authority (EDA), port authority, or similar authority.

- An unknown number of reverse referendums would occur under the proposed law. Successful reverse referenda would cancel or delay public building projects. This could lower levies, thus resulting in:
 - Lower homeowner property tax refunds, reducing costs to the state general fund.
 - Lower income tax deductions, increasing revenues to the state general fund.

Article 8: Miscellaneous

Zip Rail Project Expenditures and Powers Restricted (Sections 1-4, 6, 20)

The effective date is the day following final enactment.

The bill would prohibit state or local public money from being used for any costs related to passenger rail facilities or operations between the city of Rochester and the Twin Cities metropolitan area. The restriction would not apply to voluntary private contributions.

The bill also would prohibit the use of eminent domain for the rail project, require state officials to obtain security guarantees if they lease state property for use in the project, and require any passenger rail project exceeding \$1 billion in capital costs to have environmental insurance.

- There is no impact to property taxes or state paid aids or credits.

Taconite Municipal Aid Guaranteed (Sections 12, 14)

The effective date is beginning with distributions in 2019.

The bill would modify taconite production tax distributions by changing the guarantee for the taconite municipal aid account and annually indexing the cents per ton distribution rate for inflation.

- The changes to the local distribution of taconite production taxes would have no impact on the state general fund.
- The increased distribution to cities and townships would equal approximately \$0.8 million for distribution year 2019, and \$1.0 million for distribution year 2020.
- The increased distribution to cities and townships would reduce distributions to the Taconite Environmental Protection Fund and the Douglas J. Johnson Economic Fund.

Taconite Economic Development Fund Modified (Sections 13, 15)

The effective date is retroactive to December 31, 2016.

Under current law, a credit of up to up to \$700,000 for all producers combined from the Taconite Economic Development fund. The bill would modify the chips/fines/concentrate credit by limiting the credit to only Minnesota taconite pellet producers. Any unused portion of the funds for the credit would be deposited into the Taconite Environmental Protection Fund.

- The changes to the local distribution of taconite production taxes would have no impact on the state general fund.
- Limiting the chips/fines/concentrate credit to Minnesota taconite pellet producers would reduce the amount of credit paid, and result in approximately \$400,000 of unused funds being distributed to the Taconite Environmental Protection Fund in FY 2020 and FY 2021.

Bond Allocation Act Modified (Section 21)

The effective date is August 1, 2018.

Under current law, a public facilities project for purposes of the Minnesota Bond Allocation Act means any publicly owned facility, or a facility owned by a nonprofit organization that is used for district heating or cooling, that is eligible to be financed with public facilities bonds.

The bill would modify the ownership requirements to allow public or privately owned facilities used for district heating or cooling to qualify as a public facilities project.

- There is no assumed impact to the state general fund due to the proposed change in the definition of a public facilities project.

TIF Bloomington (Section 24)

The effective date is following local approval.

Under current law, the Port Authority of the City of Bloomington's Tax Increment Financing (TIF) District No. 1-I, Bloomington Central Station has a 15 year limit (under 2013 special legislation) to complete activities required under the five-year rule.

The bill would extend the five-year rule time limit from 15 years to 20 years for the Bloomington Central Station TIF District. The bill also removes limits on the use of revenues after the five-year rule activities are completed.

- The proposed changes to the special TIF provision 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.

Melrose Fire Remediation Grants Extension (Section 26)

The effective date is the day following final enactment

The 2017 tax bill appropriated \$1,392,258 from the state general fund to the city of Melrose and Stearns County in response to a 2016 fire. The appropriation for grants is available until June 30, 2018. This bill would extend that deadline three years to June 30, 2021 and would move some of the appropriation from Stearns County to the Melrose.

- The 2017 revenue estimate assumed the full state general fund cost of the appropriation in fiscal year 2018. Under the bill, the deadline extension may shift some authorized expenditures into fiscal year 2019, fiscal year 2020, or fiscal year 2021.

Clarification of SFIA for Paved Trails (Section 27)

The effective date is the day following final enactment

Under current law, forest land enrolled in the Sustainable Forest Incentive Act (SFIA) program is generally prohibited from making improvements to the land, including residential structures and roads. Current law allows land to be improved with a paved trail under easement, lease, or terminable license to the state of Minnesota or a political subdivision beginning for applications made in 2018.

The bill would clarify the eligibility of land with a paved trail by modifying the effective date to include certifications made in 2018.

- The proposed clarification to the eligibility of forest land in SFIA would have no impact on the state general fund.

Taconite Funds One-Time Transfer (Section 28)

The effective date is for the 2018 distribution.

The bill would provide a one-time transfer in 2018 from the taconite property tax relief account balance to the Iron Range Resources and Rehabilitation account. The transfer amount would be equivalent to 10 cents per ton of any excess balance remaining after required distributions are made.

- The one-time transfer from the taconite property tax relief account would shift approximately \$3.2 million to the Iron Range Resources and Rehabilitation account in FY 2019.
- The transfer would have no impact on the state general fund.

TIF Minneapolis (Section 29)

The effective date is following local approval.

The bill would authorize the creation of tax increment financing (TIF) districts for the Upper Harbor Terminal Redevelopment Project in the city of Minneapolis. The TIF districts would have to be within a certain portion of the North Washington Industrial Park Redevelopment Project Area and only include property that was formerly used as a municipally owned intermodal barge shipping facility.

The bill also makes exceptions to some rules for any redevelopment TIF districts established under its authority. These include removing limits on the use of increment, extending the five-year rule to ten years, and allowing increment from any TIF district created under the bill to be spent anywhere within the project area.

- The proposed changes to this special TIF provision 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.

TIF Champlin (Section 30)

The effective date is following local approval.

The five-year rule essentially requires development activity for a tax increment financing (TIF) district to be finished within a five-year period that begins with certification of the district's original tax capacity. After this five-year period has expired, increments may only be spent to pay off obligations that were incurred to fund work done during the five-year period or to the extent permitted under the pooling rules. When these obligations are paid or enough money has been collected to pay them, the district must be decertified.

The bill extends the five-year rule to ten years for the Mississippi Crossings TIF district in the city of Champlin. In addition to extending the five-year rule, the bill exempts the Mississippi Crossings TIF district from the requirements for the use of revenues for decertification.

- The proposed exceptions to special TIF 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.

Mazeppa Fire Remediation Grants (Section 32)

The effective date is July 1, 2018.

The bill provides an appropriation of \$5,000 in fiscal year 2019 for grants to the city of Mazeppa and Wabasha County that may be used for property tax abatements or other costs incurred as a result of the fire on March 11, 2018. The city of Mazeppa would receive a grant of \$2,600 and Wabasha County would receive a grant of \$2,400.

- The grants would result in a cost to the state general fund of \$5,000 in fiscal year 2019.

Articles 9, 15-16: Department Policy and Technical Provisions

The bill makes modifications to certain property tax provisions. Changes include requiring the commissioner of transportation certify the aid amount for the Small Cities Assistance program by June 1, specifying the process for the commissioner of revenue to make recommendations to the Board of Assessors for sanctions and how applicants or licensees can dispute these, and increasing the minimum value threshold for filing a Certificate of Real Estate Value.

The bill also makes a number of technical and clarifying changes to various property tax provisions. Changes include updating out-of-date references to abstracts for property tax data reporting, clarifying that a fractional agricultural homestead also receives a fractional agricultural market value credit amount, and updating language referencing persons who are blind or have a disability and married spouses.

- There is no impact to the state general fund from the changes.

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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