

PROPERTY TAX

Acres exempt under the agricultural historical society property exemption increased

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

February 13, 2019

Analysis of H.F. 0391 (Anderson) / S.F. 0672 (Westrom) as introduced

Fund Impact				
FY2020	FY2021	FY2022	FY2023	
(000's)				
02	(nagligible)	(nagligible)	(nagligible)	

Property Tax Refund Interactions

\$0 (negligible) (negligible) (negligible)

Effective for assessments beginning in 2019.

EXPLANATION OF THE BILL

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

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

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

REVENUE ANALYSIS DETAIL

- It is estimated that approximately 10 parcels would receive a larger exemption due to the higher acreage limit.
- For taxes payable in 2020 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 2021.
- Tax year impact is allocated to the following fiscal year.

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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