

PROPERTY TAX
**State general tax market value exclusion
modified**

March 18, 2019

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of S.F. 0548 (Ruud) as proposed to be amended by SCS0548A-1

	Fund Impact			
	FY2020	FY2021	FY2022	FY2023
	(000's)			
State General Levy	(\$27,500)	(\$50,000)	(\$50,000)	(\$50,000)
Income Tax Interaction	\$0	\$1,500	\$1,500	\$1,500
General Fund Total	(\$27,500)	(\$48,500)	(\$48,500)	(\$48,500)

Effective beginning with taxes payable in 2020.

EXPLANATION OF THE BILL

Under current law, the state general levy for commercial-industrial property is \$784,590,000.

The proposal would reduce the state general levy for commercial-industrial property to \$734,590,000.

REVENUE ANALYSIS DETAIL

- The state general levy would decrease by \$50 million per year beginning in taxes payable 2020. These numbers have been converted to fiscal years for the purpose of this estimate.
- Lower property taxes would reduce deductions on corporate and individual income tax returns, increasing state tax collections beginning in fiscal year 2021.

Number of Taxpayers: All qualifying class 3 commercial, industrial, railroad, and public utility property owners that currently pay state general taxes would be directly affected.

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

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral	
<i>Efficiency & Compliance</i>	Neutral	
<i>Equity (Vertical & Horizontal)</i>	Neutral	
<i>Stability & Predictability</i>	Neutral	
<i>Competitiveness for Businesses</i>	Increase	Net decrease in property taxes for business properties statewide.
<i>Responsiveness to Economic Conditions</i>	Neutral	

The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.