

May 04, 2020

**PROPERTY TAX**  
**Tribal-owned property exempted**

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue  
Analysis of S.F. 4155 (Eichorn) / H.F. 4391 (Persell) as introduced

	<b>Fund Impact</b>			
	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
	(000's)			
State General Tax	\$0	(\$10)	\$0	\$0
Property Tax Refund Interactions	\$0	\$0	(\$10)	(\$10)
General Fund Total	\$0	(\$10)	(\$10)	(\$10)

Effective retroactively from assessment year 2019.

**EXPLANATION OF THE BILL**

The proposal would exempt property in Cass County that is used exclusively for tribal purposes, including noncommercial tribal government activities, or for institutions of purely public charity. In addition, because the proposal is retroactive from assessment year 2019, the county would refund the 2020 tax payments of all eligible parcels by August 1, 2020.

**REVENUE ANALYSIS DETAIL**

- According to a list of eligible parcels provided by Cass County, approximately 30 parcels would qualify for the exemption.
- Taxes paid by the eligible properties in 2020 would be refunded by the county, including state general tax payments. This would reduce state general tax collections in payable year 2020 by approximately \$10,000.
- There would be no impact on state general tax collections in payable year 2021 and thereafter because the tax rate would be adjusted to yield the amount of revenue required by statute. The tax reduction for parcels receiving the exemption would be shifted onto the other properties subject to the state levy.
- Beginning with taxes payable in 2021, the proposal would shift approximately \$170,000 in local property taxes onto other property types, including homesteads, resulting in an increase in state-paid homeowner refunds.
- Tax year impact is allocated to the following fiscal year.

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

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Decrease	Additional type of exemption.
<i>Efficiency &amp; Compliance</i>	Neutral	
<i>Equity (Vertical &amp; Horizontal)</i>	Neutral	
<i>Stability &amp; Predictability</i>	Neutral	
<i>Competitiveness for Businesses</i>	Neutral	
<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.*

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)

sf4155(hf4391)\_pt\_1/jtb