

February 23, 2021

**PROPERTY TAX  
Green acres tax deferment eligibility**

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue  
Analysis of S.F. 0720 (Hoffman) as introduced

	<u>Fund Impact</u>			
	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>
	(000's)			
General Fund	\$0	(negligible)	(negligible)	(negligible)

Effective for assessment year 2021 and thereafter.

**EXPLANATION OF THE BILL**

Under current law certain agricultural properties may qualify for the Minnesota Agricultural Property Tax Law program which is more commonly referred to as the Green Acres Program. Properties in the program pay property taxes based on the agricultural value of the land and defer higher property taxes based on the estimated market value of the land, which may reflect non-agricultural influences such as development pressure. One of the requirements for being in the program is the property must be at least 10 acres.

The proposal would allow properties that were enrolled in Green Acres in assessment year 2012 but that did not qualify for the program for assessment years 2013-2020 because they no longer met the 10 acre requirement as a result of eminent domain to be allowed back in the program beginning with assessment year 2021.

**REVENUE ANALYSIS DETAIL**

- It is assumed that a limited number of agricultural properties will qualify to receive a tax deferment under the proposal.
- Additional agricultural properties receiving the Green Acres tax deferment would shift some property taxes away from agricultural properties and onto all other properties, including residential homesteads.
  - The shift in taxes onto homesteads would cause an increase in state-paid property tax refunds by less than \$5,000 beginning in FY 2023.

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)**

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<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral
<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

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