

PROPERTY TAX

Sustainable Forest Incentive Act early withdrawal authorization

February 23, 2021

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of S.F. 0808 (Bakk) / H.F. 0983 (Lislegard) as introduced

Fund Impact

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

Effective the day following final enactment.

EXPLANATION OF THE BILL

Under current law, early withdrawal from the Sustainable Forest Incentive Act (SFIA) program is only allowed when:

- i. a government entity takes possession of the land for a public purpose;
- ii. a government or nonprofit entity acquires a permanent conservation easement on the land; or
- iii. a government entity acquires an easement or lease on the land for the public purpose of a paved trail.

Under the proposal, early withdrawal from the SFIA program would be allowed, without penalty, for lands that are to be conveyed to the state of Minnesota for the Boundary Waters Canoe Area Wilderness private forest land exchange with The Conservation Fund.

REVENUE ANALYSIS DETAIL

- Under current law, early withdrawal from the SFIA program is allowed, without penalty, when the state of Minnesota acquires land for a public purpose.
- Therefore, the proposal would have no impact on the state general fund.
- Note: The proposal may have an impact on future payments in lieu of taxes made by the state to local governments, if withdrawal from the SFIA program results in higher appraisals of the lands that are to be conveyed to the state.

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>	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)

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