

**PROPERTY TAX  
Commercial and industrial  
property state general tax  
levy reduction**

April 6, 2022

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>		<b>X</b>

Department of Revenue  
Analysis of S.F. 4455 (Gazelka) as introduced

	<b>Fund Impact</b>			
	<b>F.Y. 2022</b>	<b>F.Y. 2023</b>	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>
	(000's)			
State General Levy	\$0	(\$53,000)	(\$100,000)	(\$100,000)
Income Tax Interaction	\$0	\$0	\$3,000	\$3,000
<b>General Fund Total</b>	<b>\$0</b>	<b>(\$53,000)</b>	<b>(\$97,000)</b>	<b>(\$97,000)</b>

Effective beginning with taxes payable in 2023.

**EXPLANATION OF THE BILL**

Under current law, the state general levy for commercial-industrial property is \$716.99 million for taxes payable in 2023 and after. It is paid for by specified commercial-industrial property, except the first \$150,000 of market value.

The proposal would reduce the state general levy for commercial-industrial property to \$616.99 million for taxes payable 2023 and after.

**REVENUE ANALYSIS DETAIL**

- The state general levy would decrease by \$100 million per year beginning in taxes payable 2023. 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 2024.

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

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

<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>	Increase	Taxes on businesses would decrease.
<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  
<https://www.revenue.state.mn.us/revenue-analyses>

sf4455\_pt\_1/wms