

**PROPERTY TAX  
Elderly living facilities  
property tax exemption**

February 7, 2023

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

Department of Revenue  
Analysis of H.F. 259 (Olson, L.) as proposed to be amended by H0259A1

	<b>Fund Impact</b>			
	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>
	(000's)			
General Fund	\$0	(\$10)	(\$10)	(\$10)

Effective beginning with taxes payable in 2023.

**EXPLANATION OF THE BILL**

The proposal would exempt an elderly living facility from property taxes if:

- the facility is located in a first class city with a population less than 110,000;
- the facility is owned and operated by a 501(c)(3) nonprofit organization;
- construction of the facility was completed between January 1, 1963 and January 1, 1964;
- the facility is a state of Minnesota licensed assisted living facility;
- residents are at least 55 years of age or disabled;
- and at least 30 percent of the units are occupied by persons whose annual income does not exceed 50 percent of the median family income for the area.

To receive the exemption for taxes payable in 2023, an initial exemption application must be filed with the county assessor by June 15, 2023.

**REVENUE ANALYSIS DETAIL**

- Saint Ann's Seniors' Residence in the city of Duluth would be eligible for the property tax exemption.
- For taxes payable in 2023, there would be no shifting of property taxes because taxes have already been determined.
- Beginning with taxes payable in 2024, the proposal would shift property taxes away from the exempted facility and onto all other properties, including homesteads, increasing state-paid homeowner refunds by approximately \$10,000 in fiscal year 2025.
- 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  
<https://www.revenue.state.mn.us/revenue-analyses>

hf0259(sf0637) Elderly Living Facilities Exemption\_pt\_2/jtb