

**PROPERTY TAX
Green Acres Tax Deferment**

February 16, 2023

Revised

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 331 (Hoffman) / H.F. 561 (Nelson, M.) as introduced

Fund Impact

	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
	(000's)			
General Fund	\$0	\$0	(Negligible)	(Negligible)

Effective beginning with assessment year 2024.

EXPLANATION OF THE BILL

Under current law certain agricultural properties may qualify for the Minnesota Agricultural Property Tax Law program (Green Acres). Properties in this program pay property taxes based on the value of their agricultural land as opposed to the actual value of the land which may be higher due to development pressures. One of the requirements for being in the program is the property must be at least ten acres.

This proposal would allow properties that were enrolled in Green Acres in assessment year 2012 but did not qualify for the program in assessment years 2013-2023 due to no longer meeting the ten acre requirement as a result of eminent domain to be allowed back in the program.

REVENUE ANALYSIS DETAIL

- Under the proposal, it is assumed a limited number of properties would receive the deferment who are currently not receiving the deferment.
- Additional agricultural properties receiving this deferment would shift some property taxes away from agricultural properties and onto all other properties including homesteads.
- The shift in taxes onto homesteads would cause an increase in state-paid property tax refunds paid of less than \$5,000 beginning in FY 2026.

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
<https://www.revenue.state.mn.us/revenue-analyses>

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