

**PROPERTY TAX
Leased Conservation Land
Property Tax Exemption**

March 12, 2024

Department of Revenue

Analysis of H.F. 3953 (Brand) / S.F. 4216 (Weber) as introduced

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
	(000's)			
Property Tax Refund Interaction	\$0	\$0	(unknown)	(unknown)

Effective beginning with taxes payable in 2025.

EXPLANATION OF THE BILL

Under current law, when property that is exempt from property taxes is leased, loaned, or otherwise made available and used by a private individual, association, or corporation in connection with a business conducted for profit, then property taxes are imposed to the same extent as though the lessee or user was the owner of the property, with some exceptions.

Under the proposal, exempt property that is leased, loaned, or otherwise made available to a private individual, corporation, or association would remain exempt from property taxes if:

- 1) the property is owned by a nonprofit conservation organization; and
- 2) the private individual, corporation, or association is using the property for grazing activities that further the nonprofit conservation organization's conservation objectives.

REVENUE ANALYSIS DETAIL

- Property owned by The Nature Conservancy would be eligible for the proposed exemption. It is unknown how many acres would qualify.
- Beginning with taxes payable in 2025, the exemption would shift property taxes away from the exempted conservation land and onto all other properties, including homesteads, increasing homeowner property tax refunds by an unknown amount in FY 2026.
- Tax year impact is allocated to the following fiscal year.

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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