

**PROPERTY TAX
Exemption for Congressionally
Chartered Veterans Service
Organizations**

January 22, 2025

Department of Revenue
Analysis of S.F. 255 (Abeler) as introduced

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
Property Tax Refund Interaction	\$0	(\$50)	(\$50)	(\$60)

Effective beginning with assessment year 2025.

EXPLANATION OF THE BILL

Under current law, property that meets the qualifications of section 273.13, subdivision 25, paragraph (d), clause (3), and is owned and operated by a congressionally chartered veterans organization, has a classification rate of one percent.

Under the proposal, this property type would be exempt from taxation.

An application for exemption must be filed with the county assessor by August 1, 2025 to receive the exemption for assessment year 2025.

REVENUE ANALYSIS DETAIL

- The estimate is based on the November 2024 forecast.
- Beginning with taxes payable in 2026, the proposal would shift approximately \$900,000 in local property taxes away from the exempted parcels and onto all other property, including homesteads.
- The additional property tax burden on homesteads would increase state-paid property tax refunds by an estimated \$50,000 beginning in fiscal year 2027.
- For organizations classified as 4c(3)(ii) “donations”, the exemption from the state general tax would have no impact on state revenues in payable year 2026 and thereafter because the tax rate would be adjusted to yield the amount of revenue required by statute. The portion of the state general tax not paid by the exempted parcels would shift onto other properties subject to the seasonal residential recreational state general levy.
- Tax year impact is allocated to the following fiscal year.

Number of Taxpayers: Approximately 370 parcels would qualify for the exemption.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral	Reduces the total number of tax classifications, but increases the total number of exemptions.
<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>

sf0255 Veterans Service Organizations Exemption_pt_1/