

**PROPERTY TAX  
Valuation Reductions Allowed  
for Conservation Easements**

March 17, 2025

Department of Revenue

Analysis of S.F. 2199 (Dibble) as proposed to be amended by SCS2199A-2

	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)	
General Fund	\$0	\$0	(unknown)	(unknown)

Effective beginning with assessment year 2026.

**EXPLANATION OF THE BILL**

Under current law, the assessor may not adjust the value of real property subject to a conservation restriction or easement, except when:

- 1) the conservation restrictions or easements cover riparian buffers along lakes, rivers, and streams that are used for water quantity or quality control; or
- 2) the easements are in a county that has adopted, by referendum, a program to protect farmland and natural areas since 1999 (Dakota County); or
- 3) the conservation restrictions or easements were entered into prior to May 23, 2013.

Under the proposal, a metropolitan county that has adopted a program to protect farmland or natural areas may, by resolution, authorize the assessor to consider the impact of the conservation easement on the property's value. If those conditions are met, the proposal would allow the assessor to adjust the value of real property subject to a conservation easement.

**REVENUE ANALYSIS DETAIL**

- Prior to assessment year 2014, the assessor was allowed to adjust the value of real property subject to a conservation restriction or easement.
- Since assessment year 2014, the assessor may not adjust the value of real property subject to a conservation restriction or easement, except as noted in the explanation above.
- Beginning with assessment year 2026, the proposal could reduce land values on property subject to a conservation easement.
- Reduced land values on eligible property would shift property taxes onto all other property, including homesteads, increasing state-paid homeowner property tax refunds by an unknown amount beginning in FY 2028.
- Tax year impact is allocated to the following fiscal year.

Number of Taxpayers: Unknown

## 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>	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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