

PROPERTY TAX
Bloomington Port Authority
Exemption Extended

March 4, 2025

Department of Revenue

Analysis of H.F. 1088 (Coulter) / S.F. 1587 (Wiklund) 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	(\$20)	(\$20)	(\$20)

Effective for taxes payable in 2026 through 2031.

EXPLANATION OF THE BILL

Under current law, property held by a political subdivision for later resale for economic development purposes is eligible for an exemption from property taxes for up to nine years.

Under the proposal, property that was acquired by the Port Authority of the city of Bloomington in May 2016 and was exempt for taxes payable in 2017 through 2025 would continue to be exempt for taxes payable in 2026 through 2031.

To receive the extended exemption, an initial exemption application must be filed with the assessor by June 30, 2025.

REVENUE ANALYSIS DETAIL

- The estimate is based on the November 2024 forecast.
- Under the proposal, three parcels purchased by the Port Authority of Bloomington in May 2016 would be eligible for the extended exemption.
- The parcels are currently taxable as commercial property for taxes payable in 2026.
- For taxes payable in 2026, extending the exemption would shift approximately \$400,000 in local property taxes away from the eligible parcels and onto all other property, including homesteads, increasing homeowner property tax refunds by \$20,000 in fiscal year 2027.
- The exemption from the commercial-industrial 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.
- 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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