

**PROPERTY TAX  
Indian Tribe Property Exemption  
(Class 2b)**

March 5, 2025

Department of Revenue

Analysis of S.F. 363 (Hauschild) / H.F. 967 (Davids) 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)			
School Building Bond Credit	\$0	\$0	negligible	negligible
Property Tax Refund Interaction	\$0	\$0	(negligible)	(negligible)

Effective beginning with assessment year 2026.

**EXPLANATION OF THE BILL**

The proposal would create a property tax exemption for property that:

- (1) was classified as class 2b for taxes payable in 2025;
- (2) is located in a county with a population greater than 5,580 but less than 5,620 (according to the 2020 federal census);
- (3) is located in an unorganized territory with a population less than 800 (according to the 2020 federal census); and
- (4) was on January 2, 2023, and is for the current assessment, owned by a federally recognized Indian Tribe located within the state of Minnesota.

**REVENUE ANALYSIS DETAIL**

- The estimate is based on the November 2024 forecast.
- Property in Cook County owned by the Grand Portage Band of Chippewa would be eligible for the proposed exemption.
- Beginning with taxes payable in 2027, the eligible parcels would no longer receive the School Building Bond Credit, resulting in a savings to the state general fund of less than \$5,000 in FY 2028.
- Beginning with taxes payable in 2027, the exemption would shift property taxes away from the eligible parcels and onto all other properties, including homesteads, increasing state-paid homeowner property tax refunds by less than \$5,000 in FY 2028.
- Tax year impact is allocated to the following fiscal year.

## 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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