

**PROPERTY TAX
Indian Tribe Property Exemption
(Urban Office)**

April 28, 2025

Department of Revenue

Analysis of H.F. 3192 (Kozlowski) / S.F. 3413 (Rest) 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	\$0	(negligible)	(negligible)

Assumed effective beginning with assessment year 2026.

EXPLANATION OF THE BILL

The proposal would create a property tax exemption for the portion of a property that meets the following conditions:

- (1) it is located in a city of the first class with a population greater than 400,000 (as of the 2020 federal census);
- (2) it was on January 2, 2025, and is for the current assessment, owned by a federally recognized Indian Tribe that is located within the state of Minnesota; and
- (3) the market value of the portion of the property used exclusively for noncommercial Tribal government activities does not exceed in the aggregate 7,955 square feet.

Property used for single-family housing, market-rate apartments, parking facilities, agriculture, or forestry would not qualify for the exemption.

REVENUE ANALYSIS DETAIL

- It is assumed that only the Mille Lacs Band of Ojibwe Urban Office, located in the Ventura Project mixed-use housing development in Minneapolis, would be eligible for the exemption.
- It is further assumed that an initial application for exemption would be filed for assessment year 2026.
- Beginning with taxes payable in 2027, the exemption would shift property taxes away from the eligible property and onto all other properties, including homesteads, increasing homeowner property tax refunds by less than \$5,000 in FY 2028.
- For taxes payable in 2027 and thereafter, the exemption from the commercial-industrial state general tax would have no impact on state revenues, 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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