

**PROPERTY TAX**  
**Floriculture Added as an**  
**Agricultural Product**

April 2, 2025

Department of Revenue

Analysis of S.F. 2626 (Drazkowski) / H.F. 2654 (Jacob) as introduced

	Yes	No
DOR Administrative Costs/Savings		X

**Fund Impact**

	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>	<b>F.Y. 2028</b>	<b>F.Y. 2029</b>
	(000's)			
Property Tax Refund Interaction	\$0	\$0	(negligible)	(negligible)
Ag Homestead Market Value Credit	\$0	\$0	(negligible)	(negligible)
School Bond Credit	\$0	\$0	(negligible)	(negligible)

Effective beginning with assessment year 2026.

**EXPLANATION OF THE BILL**

Under current law, properties may qualify for 2a agricultural classification if they meet certain requirements, including producing an agricultural product for sale.

The proposal would expand the list of agricultural products that qualify for 2a agricultural classification to include floriculture. Floriculture would be defined as the production of bedding and garden plants, foliage plants, potted flowering plants, and cut flowers.

**REVENUE ANALYSIS DETAIL**

- It is assumed that a small number of properties engaged in floriculture would be eligible for agricultural classification under the proposal.
- Under the proposal, property used for floriculture would qualify for 2a homestead or 2a non-homestead agricultural classification. Property qualifying for class 2a homestead under the proposal would receive lower classification rates than under current law. Property qualifying for class 2a non-homestead under the proposal may receive lower classification rates than under current law, depending on its current law classification.
- The proposal would shift property taxes away from properties newly classified as agricultural and onto all other properties, including homesteads.
- The shift in taxes onto homesteads would increase state-paid property tax refunds by less than \$5,000 beginning in fiscal year 2028.
- Properties newly classified as 2a agricultural homestead would be eligible for the agricultural homestead market value credit, increasing the credit by less than \$5,000 beginning in fiscal year 2028.
- Properties newly classified as 2a agricultural homestead or non-homestead would also be eligible for the school building bond credit, increasing the credit by less than \$5,000 beginning in fiscal year 2028.

## 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>

sf2626(hf2654) Ag Homestead Floriculture\_pt\_1/wms