

**PROPERTY TAX
Farm Wineries Eligible for
Agricultural Classification**

April 20, 2026

Department of Revenue
Analysis of H.F. 4707 (Nelson) / S.F. 5139 (Rarick) as introduced

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

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

Effective beginning with assessment year 2027.

EXPLANATION OF THE BILL

The proposal expands the definition of agricultural products for property tax classification purposes to include wine produced by a farm winery licensed under section 340A.315. It would also allow contiguous acreage that contains a farm winery property to be eligible for agricultural classification.

REVENUE ANALYSIS DETAIL

- According to the Department of Public Safety, there are currently 93 licensed farm wineries in Minnesota.
- Under current law, property used for wine fermentation and storage is classified as commercial-industrial property, with a class rate of 1.50% or 2.00%. This property is subject to the state general tax. Fermentation tanks are exempt from property taxes. Land used to grow grapes for wine production and structures involved with harvesting and storing grapes are classified as agricultural.
- Under the proposal, the property, other than tanks, used for wine fermentation and storage would be classified as agricultural. This property is usually a small portion of the property currently classified as commercial for a winery.
 - If the property is classified as agricultural homestead under the proposal, the class rate would be 0.50% for the first \$3.84 million in value and 1.00% for the remaining value.
 - If the property is classified as agricultural nonhomestead under the proposal, the class rate would be 1.00%.
- The proposal would shift property taxes away from farm winery property changing to agricultural classification and onto all other property, including homesteads. State general taxes would also shift away from property newly receiving agricultural classification and onto all other commercial-industrial property.
- As a result of shifting taxes onto homesteads, property tax refunds paid by the state would increase by less than \$5,000 beginning in fiscal year 2029.

- Properties newly classified as agricultural homestead would be eligible for the agricultural homestead market value credit, increasing the credit by less than \$5,000 beginning in fiscal year 2029.
- Properties newly classified as 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 2029.

PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

<i>Transparency, Understandability, Simplicity & Accountability</i>	Decrease	Creates a new subcategory for agricultural products.
<i>Efficiency & Compliance</i>	Decrease	May be difficult for assessors to separate/attribute value to the area used for fermentation and storage and the retail sales area.
<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>

hf4707(sf5139) Ag Classification for Farm Wineries_pt_1/wms