
Property Tax Law Summary

2026

A summary of laws enacted during the 2026 regular session that impact
property tax administration statewide

Date: July 6, 2026
To: All Property Tax Administrators
From: Jon Klockziem, Director, Property Tax Division

2026 Property Tax Law Summary

The Minnesota Department of Revenue is pleased to provide this summary of property tax-related law changes enacted during the 2026 regular session of the Minnesota Legislature. The tax omnibus bill (Chapter 128) was signed into law on May 27, 2026. Additional property tax provisions were included in the Revisor's bill (Chapter 88), which was signed into law on May 12, 2026.

The Property Tax Law Summary is an organized and condensed overview of this year's legislative changes that affect property tax laws. Property tax professionals can use it to plan for implementation.

What other information will I receive about 2026 property tax legislative changes?

We will share additional information about some of the legislative changes at a later date. The additional information will focus on administration and address questions we receive from counties, vendors, and other customers.

What if I have questions?

Please contact us. We will answer your questions as soon as possible and may also include them in administration materials.

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If you have any suggestions for improving future editions of the Property Tax Law Summary, please contact Susan Raverty at susan.raverty@state.mn.us.

Assessment

Classifications

Class 1c Homestead Resorts

Minnesota Laws 2026, Chapter 128, article 4, section 5

Amends Minnesota Statutes 2025 Supplement, section 273.13, subdivision 22.

This section increases the market value thresholds for class 1c homestead resort property.

- The first-tier rate of 0.5% now applies to the first \$1.5 million of value (up from \$600,000).
- The second-tier rate of 1% applies to the next \$3 million.
- The third-tier rate of 1.25% applies to value exceeding \$4.5 million. The third-tier property remains subject to state general property taxes.

Effective Date: Beginning with assessment year 2026.

Exemptions

Certain Property Owned by an Indian Tribe (Fond du Lac Band)

Minnesota Laws 2026, Chapter 128, article 4, section 3

Amends Minnesota Statutes 2024, section 272.02, subdivision 101.

This section extends an existing property tax exemption for the Fond Du Lac Band of Chippewa's Center for American Indian Resources medical clinic in the city of Duluth.

Changes include:

- Expanding eligible parcels from two to five (no longer required to be contiguous)
- Adding qualifying parking lots that serve the clinic
- Extending the expiration from 2028 to 2038

Effective Date: Beginning with assessment year 2027.

Certain Property Owned by an Indian Tribe (Fond du Lac Band)

Minnesota Laws 2026, Chapter 128, article 4, section 4

Amends Minnesota Statutes 2024, section 272.02, adding subdivision 110.

This section adds an exemption for certain property that is owned by a federally recognized Indian Tribe, or its instrumentality in Cloquet that is used to store medical equipment. The exemption is limited to one parcel and excludes any use for housing, parking, agriculture, or forestry.

Effective Date: Beginning with taxes payable in 2027. For assessment year 2026 only, an exemption application under this section must be filed with the county assessor by July 1, 2026.

Property Tax Aids and Credits

Local Homeless Prevention Aid

Minnesota Laws 2026, Chapter 128, Article 4, Section 9

Amends Minnesota Statutes 2024, section 477A.30, subdivision 8.

This section changes the expiration for distribution of Local Homeless Prevention Aid from 2028 to 2032.

Effective Date: July 1, 2026.

Base Year Formula Aid for the City of Northern

Minnesota Laws 2026, Chapter 128, Article 4, Section 13

Uncodified provision.

This section provides for Northern Township to be treated as eligible for 2027 local government aid calculations, pending incorporation as a city and provides base aid amount for use in the 2027 aid formula. It requires recalculation and exclusion of the township if incorporation has not occurred by January 31, 2027.

Effective Date: Aids payable in 2027 only.

Delinquency and Forfeiture

Return of Unused Tax-Forfeited Settlement Appropriation; Cancellation

Minnesota Laws 2026, Chapter 128, Article 8, Section 15

Uncodified provision.

This section requires any unspent funds from the tax-forfeited property settlement, up to \$40 million, to be returned to Minnesota Management and Budget by June 29, 2026. The returned amount must then be canceled to the general fund within one day of receipt.

Effective Date: The day following final enactment.

Repealer

Minnesota Laws 2026, Chapter 128, Article 8, Section 17

Uncodified provision.

This section repeals Minnesota Laws 2026, Chapter 100, article 1, section 3. This provision was for the return of the unused tax-forfeited settlement appropriation and cancellation and an appropriation. It was replaced by the provisions in Minnesota Laws 2026, Chapter 128, article 8, sections 15 and 16.

Effective Date: The day following final enactment and prevails over any contrary enactment made during the 2026 regular legislative session, regardless of order of enactment. This refers to a similar provision in Minnesota Laws 2026, Chapter 121, Article 13, Section 6.

Economic Development and Tax Increment Financing

Economic Development

City of Lake City; Port Authority

Minnesota Laws 2026, Chapter 128, article 4, section 7

Amends Minnesota Statutes 2024, section 469.0773.

This section modifies certain powers of the City of Lake City's port authority by removing the power to issue debt or bonds, exercise eminent domain, and to levy taxes. It also adds a provision that the port authority may request the City of Lake City to levy a tax for the benefit of the port authority, which the city may grant or deny.

Effective Date: The day following final enactment.

City of Red Wing; Port Authority

Minnesota Laws 2026, Chapter 128, article 4, section 8

Amends Minnesota Statutes 2024, section 469.081, subdivision 3a.

This section changes the term length for an appointee to the Red Wing Port Authority from three years to six years.

Effective Date: The day after the governing body of the city of Red Wing and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

City of Lake City; Port Authority

Minnesota Laws 2026, Chapter 128, article 4, section 10

Uncodified provision.

This section allows the City of Lake City to validate Minnesota Laws 2021, Chapter 19, section 1, regarding the port authority notwithstanding the statutory deadline to validate. The city must file the approval with the Minnesota Secretary of State by January 1, 2027.

Effective Date: The day following final enactment.

TIF – General Provisions

TIF; Excess Increments

Minnesota Laws 2026, Chapter 128, article 6, section 1

Amends Minnesota Statutes 2024, section 469.176, subdivision 2.

This section provides specific direction for authorities with excess increment.

Effective Date: For excess increment determinations for calendar year 2026 and thereafter.

TIF – Specific Districts

Amendments to Existing TIF Districts

Minnesota Laws 2026, Chapter 128, article 6, sections 2 to 7

Uncodified provisions.

These sections amend the following districts with special rules:

- **Section 2: Mountain Lake** – Extends the five-year rule for an additional three years.
- **Section 3: Wayzata** – Authorizes the use of funds on specific projects within the district.
- **Section 4: Eden Prairie** – Extends the expiration from 2026 to 2028.
- **Section 5: Chaska** – Allows authority to collect tax increment from District No. 23 for up to 35 years after receipt of first increment.
- **Section 6: Columbia Heights** – Extends the 5-year rule to 10 years and extends related use period from 5 years to 11 years
- **Section 7: Hopkins** – Extends the 5-year rule to 10 years and extends related use period from 5 years to 11 years

Effective date: The day after the respective governing body and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Public Finance

County Transportation Sales and Use Tax; Bonds

Minnesota Laws 2026, Chapter 128, article 7, section 1

Amends Minnesota Statutes 2024, section 297A.993, subdivision 4.

This section shortens the minimum time before publishing a notice of a public hearing to discuss the issuance of bonds from 14 days to 10 days.

Effective Date: August 1, 2026.

Port Authorities; General Obligation Bonds; Detail; Maturity

Minnesota Laws 2026, Chapter 128, article 7, section 2

Amends Minnesota Statutes 2024, section 469.060, subdivision 3.

This section eliminates the requirement that bonds issued by a port authority and secured by a city's general obligation pledge be issued as serial bonds.

Effective Date: August 1, 2026.

Miscellaneous

Mill Rates

Minnesota Laws 2026, Chapter 88, article 1, sections 168–169

Amends Minnesota Statutes 2025 Supplement, section 275.011, subdivisions 1 and 2.

This section amends the mill rates provision by removing references to taxes payable in 1988 and 1989 and updating obsolete statutory cross-references.

Effective Date: August 1, 2026.

City Public Utilities Commissions; Membership

Minnesota Laws 2026, Chapter 128, article 4, section 6

Amends Minnesota Statutes 2025 Supplement, section 412.341, subdivision 3.

This section removes reference to “changing” the number of commission members and replaces it with “modifying.” The section also removes references to “reduce” or “reducing” the size of the commission and replaces these with “modify” or “modifying.”

The section also amends the verbiage of the ballot question to include an “increased” number of members of the public utilities commission rather than just “reduced.”

Effective Date: The day following final enactment.

Appropriation; Minnesota Housing Finance Agency

Minnesota Laws 2026, Chapter 128, article 8, section 16

Uncodified provision.

This section appropriates \$38 million from the general fund to the commissioner of the Minnesota Housing Finance Agency for the Family Homeless Prevention and Assistance Program under Minnesota Statutes, section 462A.204.

Effective Date: The day following final enactment and prevails over any contrary enactment made during the 2026 regular legislative session, regardless of order of enactment. This refers to a similar provision in Minnesota Laws 2026, Chapter 121, Article 13, Section 6.

Market Value Definition

Minnesota Laws 2026, Chapter 128, article 10, section 1

Amends Minnesota Statutes 2024, section 273.032.

This section amends the market value definition by removing a reference to Minnesota Statutes, section 273.11, subdivisions 19 and 20, which provided a market value exclusion for certain improvements to business properties.

Effective Date: The day following final enactment.

Agricultural Property Tax; Additional taxes

Minnesota Laws 2026, Chapter 128, article 10, section 2

Amends Minnesota Statutes 2024, section 273.111, subdivision 9.

This section amends the Agricultural Property Tax Law by:

- Removing paragraph (b) that protected certain agricultural property from additional taxes if it ceased to qualify under the program between 2008 and 2010
- Eliminating the county repayment requirement for owners who had overpaid taxes before April 3, 2009

Effective Date: The day following final enactment.

Repealer – Obsolete Provisions

Minnesota Laws 2026, Chapter 88, article 1, section 226, subdivisions 7 to 11, 15

Minnesota Laws 2026, Chapter 128, article 10, section 3

Repeals Minnesota Statutes 2024, sections 272.02, subdivision 31; 273.11, subdivisions 19 and 20; 273.1315, subdivision 1; 273.1385; 273.25; 273.65; 273.66; 273.67; 274.07; 428B.02, subdivision 7; 477A.085; and 477A.18.

This section repeals the following Minnesota Statutes 2024:

- Section 272.02, subdivision 31 – Business Incubator Exemption
- Section 273.11, subdivision 19 and 20 – Valuation of Class 3 Property Damaged by Floods in 1997 and 2002
- Section 273.1315, subdivision 1 – Valuation of Class 1b Property Prior to October 1, 2008
- Section 273.1385 - Aid for Public Employees Retirement Association Employer Contribution Rate Increase
- Section 273.25 — Lists to Be Verified
- Section 273.65 — Failure to List; Examination Under Oath; Duties of Assessor
- Section 273.66 — Owner Absent or Sick
- Section 273.67 — Procedure When Owner Does Not List or Is Not Sworn
- Section 274.07 — List by Person Sick or Absent
- Section 428B.02, subdivision 7 — Tourism Improvement Districts; Notice to the Commissioner of Revenue.
- Section 477A.085 — Debt Service Aid; City of Minneapolis
- Section 477A.18 – Production Property Transition Aid

Effective Date: The day following final enactment.

Classification Rates for Assessment Year 2027

Class	Description	Tiers	Class Rate	State General Rate
1a	Residential Homestead	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
1b	Homestead of Persons who are Blind/Disabled [classified as 1a or 2a] [classified as 1a or 2a] [classified as 4d(2)]	First \$50,000	0.45%	N/A
		\$50,000 - \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
		Over \$50,000	0.75%	N/A
1c	Homestead Resort	First \$1,500,000	0.50%	N/A
		\$1,500,000 - \$4,500,000	1.00%	N/A
		Over \$4,500,000	1.25%	1.25%
1d	Housing for Seasonal Workers	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
2a	Agricultural Homestead - House, Garage, 1 Acre (HGA)	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
2a/2b	Agricultural Homestead - First Tier	TBA December 2026	0.50%	N/A
2a/2b	Farm Entities Remaining First Tier	Unused First Tier	0.50%	N/A
2a	Agricultural - Non-Homestead or Excess First Tier		1.00%	N/A
2b	Rural Vacant Land		1.00%	N/A
2c	Managed Forest Land		0.65%	N/A
2d	Private Airport		1.00%	N/A
2e	Commercial Aggregate Deposit		1.00%	N/A
3a	Commercial/Industrial/Utility (<i>not including utility machinery</i>)	First \$150,000	1.50%	N/A
		Over \$150,000	2.00%	2.00%
		Electric Generation Public Utility Machinery	2.00%	N/A
		All Other Public Utility Machinery	2.00%	2.00%
	Transmission Line Right-of-Way	2.00%	2.00%	
4a	Residential Non-Homestead 4+ Units		1.25%	N/A
4b(1)	Residential Non-Homestead 1-3 Units		1.25%	N/A
4b(2)	Unclassified Manufactured Home		1.25%	N/A
4b(3)	Agricultural Non-Homestead Residence (2-3 units)		1.25%	N/A
4b(4)	Unimproved Residential Land		1.25%	N/A
4bb(1)	Residential Non-Homestead Single Unit	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4bb(2)	Agricultural Non-Homestead Single Unit - (HGA)	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4bb(3)	Condominium Storage Unit	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4c(1)	Seasonal Residential Recreational Commercial (resort)	First \$500,000	1.00%	1.00%
		Over \$500,000	1.25%	1.25%
4c(2)	Qualifying Golf Course		1.25%	N/A
4c(3)(i)	Non-Profit Community Service Org. (non-revenue) Congressionally Chartered Veterans Organization (non-revenue)		1.50%	N/A
			1.00%	N/A
4c(3)(ii)	Non-Profit Community Service Org. (donations) Congressionally Chartered Veterans Organization (donations)		1.50%	1.50%
			1.00%	1.00%
4c(4)	Post-Secondary Student Housing		1.00%	N/A
4c(5)(i)	Manufactured Home Park		1.25%	N/A
4c(5)(ii)	Manufactured Home Park (>50% owner-occupied)		0.75%	N/A
4c(5)(iii)	Manufactured Home Park (50% or less owner-occupied)		1.00%	N/A
4c(5)(iii)	Class I Manufactured Home Park		1.00%	N/A
4c(6)	Metro Non-Profit Recreational Property		1.25%	N/A
4c(7)	Certain Non-Comm. Aircraft Hangars and Land (leased land)		1.50%	N/A
4c(8)	Certain Non-Comm. Aircraft Hangars and Land (private land)		1.50%	N/A
4c(9)	Bed & Breakfast		1.25%	N/A
4c(10)	Seasonal Restaurant on a Lake		1.25%	N/A
4c(11)	Marina	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4c(12)	Seasonal Residential Recreational Non-Commercial	First \$76,000	1.00%	0.40%
		\$76,000 - \$500,000	1.00%	1.00%
		Over \$500,000	1.25%	1.25%
4d(1)	Low Income Rental Housing (Per Unit)		0.25%	N/A
4d(2)	Homestead Community Land Trust (Per Unit)		0.75%	N/A
5(1)	Unmined Iron Ore and Low-Grade Iron-Bearing Formations		2.00%	2.00%
5(2)	All Other Property		2.00%	N/A