

**PROPERTY TAX  
Elderly living facilities  
property tax exemption**

February 15, 2022

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>		<b>X</b>

Department of Revenue  
Analysis of H.F. 1661 (Schultz) as proposed to be amended by H1661DE2

	<b>Fund Impact</b>			
	<b>F.Y. 2022</b>	<b>F.Y. 2023</b>	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>
	(000's)			
Property Tax Refund Interaction	\$0	\$0	\$0	(\$10)

Effective beginning with assessment year 2023.

**EXPLANATION OF THE BILL**

The proposal would exempt an elderly living facility from property taxes if:

- the facility is located in a first class city with a population less than 110,000;
- the facility is owned and operated by a 501(c)(3) nonprofit organization;
- construction of the facility was completed between January 1, 1963 and January 1, 1964;
- the facility is a state of Minnesota licensed assisted living facility;
- residents are at least 55 years of age or disabled;
- and at least 30 percent of the units are occupied by persons whose annual income does not exceed 50 percent of the median family income for the area.

**REVENUE ANALYSIS DETAIL**

- Saint Ann's Seniors' Residence in the city of Duluth would be eligible for the property tax exemption.
- For taxes payable in 2024 and thereafter, a property tax exemption would reduce taxable market value, shifting property taxes away from the exempted elderly living facility and onto all other properties, including homesteads.
- The additional property tax burden on homesteads caused by the exemption would increase state-paid homeowner refunds by approximately \$10,000 beginning in fiscal year 2025.
- Tax year impact is allocated to the following fiscal year.

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

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Decrease	Additional type of exemption.
<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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